

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

327B



**FROM:** General Manager-Chief Engineer

**SUBMITTAL DATE:**  
December 18, 2007

**SUBJECT:** Initiation of Proceedings to Establish Community Facilities District No. 05-1 (Homeland/Romoland) of Riverside County Flood Control and Water Conservation District

**RECOMMENDED MOTION:** That the Board approve and adopt: (1) Resolution No. F2007-29 Declaring its intention (i) to establish Community Facilities District No. 05-1 (Homeland/Romoland) of Riverside County Flood Control and Water Conservation District, (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. F2007-30 Declaring intent and necessity to incur bonded indebtedness and designating Improvement Area No. 1, 2 and 3. (3) set the Public Hearing for January 29, 2008 at 1:30 pm.

**BACKGROUND:**

Property owners in the unincorporated communities of Homeland and Romoland within the unincorporated area of the County of Riverside, lying within the boundaries of the Homeland/Romoland Area Drainage Plan have requested that the Flood Control District form a community facilities district for the purposes of designing, constructing, acquiring and financing, through the sale of bonds, the design, construction and acquisition of certain flood control and stormwater drainage facilities in the Line A Watershed of the Homeland/Romoland Area Drainage Plan, certain road and bridge facilities of the County of Riverside, and certain road and bridge facilities of the City of Perris. The proposed community facilities district (the "CFD") is anticipated to consist of three improvement areas that will be subject to the levy and payment of special taxes.

(continued on page 2)

IMC:mc

*Warren D. Williams*  
**WARREN D. WILLIAMS**  
General Manager-Chief Engineer

<b>FINANCIAL DATA</b>	F.Y. 2006-2007 District Cost:	N/A	In Current Year Budget:	N/A
	Current F.Y. County Cost:	N/A	Budget Adjustment:	No
	Annual Net District Cost:	N/A	For Fiscal Year:	2007/08

<b>SOURCE OF FUNDS:</b> Bond Proceeds	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Alex Gann*  
Alex Gann

County Executive Office Signature

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

Prev. Agn. Ref.:

District: 3<sup>rd</sup> & 5<sup>th</sup> | Agenda Number:

11.1

FISCAL PROCEDURES APPROVED  
IVAN M. CHAND, FINANCE DIRECTOR  
*Ivan M. Chand* 12/11/07  
BY: IVAN M. CHAND

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

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

**SUBJECT:** Community Facilities District No. 05-1 (Homeland/Romoland)

**SUBMITTAL DATE:** December 18, 2007

**Page 2**

**BACKGROUND Continued:**

There are approximately 1,258 gross acres proposed to be included in the CFD, consisting of approximately 2,200 single family units, a small multi family project on approximately 2.6 acres and a small commercial project anticipated to comprise approximately three acres. It is anticipated that the issuance of bonds may take place some time after formation, depending on when there will be enough value associated with the property.

There are three Improvement Areas in the CFD with a total of 10 tax zones. Depending on the improvement area and the tax zone, there could be between two and 15 tax classifications including multiple developed classes, an approved class and an undeveloped class. The assigned special tax for a developed single family property will range between \$1,483 and \$2,573 per unit in Improvement Area 1 (I.A. 1) depending on its tax zone and classification, and the assigned special tax for a developed multi family residential unit will range between approximately \$10,994 and \$14,612 per acre in I.A. 1 depending on its tax zone. The assigned special tax for a developed single family property will range between \$1,234 and \$1,709 per unit in Zone 2 in Improvement Area 2 (I.A. 2) and between \$7,686 and \$8,150 per acre in Zones 2, 3 and 4 in I.A. 2. The assigned special tax for a developed multi family residential unit will be approximately \$7,470 per acre in I.A. 2. In Improvement Area 3 (I.A. 3), the assigned special tax for a developed single family property will range between \$544 and \$1,760 per unit for tax Zones 1, 2 and 3, and will be approximately \$32,124 per acre for tax zone 4. The assigned special tax for a developed multi family residential unit will range between approximately \$8,384 and \$10,787 per acre in I.A. 3 depending on its tax zone. There is no escalator on the special tax.

The value to lien ratio will at minimum be 4 to 1.

The Debt Advisory Committee heard this item on December 10, 2007 and approved submittal of the Resolutions to the Board.

Legislative BodyCommunity Facilities Districts  
Riverside County Flood Control and Water Conservation District**RESOLUTION NO. F2007-29**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF  
THE RIVERSIDE COUNTY FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT DECLARING ITS  
INTENTION TO ESTABLISH PROPOSED COMMUNITY  
FACILITIES DISTRICT NO. 05-01 (HOMELAND/  
ROMOLAND) OF THE RIVERSIDE COUNTY FLOOD  
CONTROL AND WATER CONSERVATION DISTRICT,  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND  
TO DESIGNATE IMPROVEMENT AREAS NOS. 1, 2, AND 3  
THEREOF**

**WHEREAS**, Riverside County Flood Control and Water Conservation District (the "District") has entered into an agreement with Homeland/Romoland ADP, Inc., a Delaware corporation (the "Corporation") entitled "Infrastructure Funding, Acquisition and Reimbursement Agreement," dated as of May 23, 2006 (the "Funding and Acquisition Agreement") that provides for, among other matters, the Board of Supervisors of the District (the "Board of Supervisors") conducting proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982," for the formation of a community facilities district for the purposes of designing, constructing, acquiring, and financing, through the sale of bonds, the design, construction, and acquisition of certain flood control and storm water drainage facilities in the Line A Watershed of the Homeland/Romoland Area Drainage Plan (the "Watershed"), as described in Exhibit "B" to the Funding and Acquisition Agreement (the "Flood Control Facilities"); and

**WHEREAS**, the Corporation was incorporated by the owners and developers of certain property in the area of the Watershed, who are identified in the Funding and Acquisition Agreement, for the purpose of accomplishing the construction of the Flood Control Facilities (the "Developers"); and

**WHEREAS**, the Developers have proposed that the proposed community

1 facilities district be authorized to issue bonds and incur a bonded indebtedness for the purpose of  
2 financing the design, construction and acquisition of the Flood Control Facilities and certain  
3 public road and bridge facilities of the County of Riverside (the "County") and the City of Perris  
4 (the "City") in the aggregate principal amount of \$100,000,000; and

5           **WHEREAS**, the Developers have proposed that the District enter into joint  
6 community facilities agreements with the County and the City, pursuant to Sections 53316.2,  
7 53316.4 and 53316.6 of the California Government Code, which will provide for the financing of  
8 the County Facilities and the City Facilities with the proceeds of the sale of the bonds of the  
9 proposed community facilities district; and

10           **WHEREAS**, pursuant to Section 53316.2 of the California Government Code,  
11 such a joint community facilities agreement must be approved by adoption by the Board of  
12 Supervisors of the District, the Board of Supervisors of the County and the City Council of the  
13 City of Perris resolutions declaring that such agreements will be beneficial to the residents of the  
14 District, the County, and the City, respectively; and

15           **WHEREAS**, the Board of Supervisors has determined that it will be in the public  
16 interest and beneficial to the future residents of the proposed community facilities district that it  
17 be authorized to incur bonded indebtedness to finance the Flood Control Facilities, the County  
18 Facilities, and the City Facilities; and

19           **WHEREAS**, the Developers have requested that in establishing the proposed  
20 community facilities district, the Board of Supervisors designate separate improvement areas over  
21 portions of the property to be included therein so that the bonds of the proposed community  
22 facilities district may be issued to finance specific public facilities for each such improvement  
23 area; and

24           **WHEREAS**, pursuant to Section 53350 of the California Government Code, the  
25 Board of Supervisors may, by resolution, designate a portion or portions of a community facilities  
26 district as one or more improvement areas for the financing of, or contributing to the financing of,  
27 specified public facilities and that will be subject to the levy and payment of special taxes to pay  
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1 the principal of and interest on the bonds of the community facilities district that may be issued  
2 and sold to finance the design, construction and acquisition of such public facilities; and

3           **WHEREAS**, upon the designation of such an improvement area, all proceedings  
4 for purposes of a bond election and for the purpose of levying special taxes for payment of the  
5 bonds shall apply only to the improvement area; and

6           **WHEREAS**, it is, therefore, necessary and desirable that separate improvement  
7 areas be designated to include specific portions of the property to be included in the proposed  
8 community facilities district so that the property included in each such improvement area will be  
9 responsible only for the payment of special taxes that will be levied to pay principal of and  
10 interest on the bonds of the proposed community facilities district that will be issued and sold to  
11 finance the construction and acquisition of public facilities for each such portion of such property;  
12 and

13           **WHEREAS**, it is appropriate that the Board of Supervisors adopt a resolution of  
14 intention to establish the proposed community facilities district pursuant to Sections 53320 and  
15 53321 of the California Government Code; and

16           **WHEREAS**, the Clerk of the Board of Supervisors has received a certificate from  
17 the Registrar of Voters of the County of Riverside certifying that there are no registered voters  
18 residing within the boundaries of the proposed community facilities district;

19           **NOW, THEREFORE, BE IT RESOLVED, FOUND AND ORDERED BY**  
20 **THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY FLOOD CONTROL AND**  
21 **WATER CONSERVATION DISTRICT AS FOLLOWS:**

22           **Section 1.**    **Findings.** The Board of Supervisors finds as follows:  
23           (a)    The foregoing recitals are correct;  
24           (b)    Pursuant to Section 53350 of the California Government Code, it is  
25 necessary and desirable that separate improvement areas be designated for specific portions of the  
26 property to be included within the boundaries of the proposed community facilities district so that  
27 each such portion of such property will be responsible only for the payment of special taxes that  
28 will be levied for the payment of principal of and interest on the bonds of the community facilities

1 district that will be issued and sold to finance specific public facilities for such portion of the  
2 property, including the amounts necessary to finance the Flood Control Facilities, the County  
3 Facilities, and the City Facilities for such portion of the property; and

4 (c) Pursuant to Section 53326 of the California Government Code, since there  
5 are no persons registered to vote in the territory of the proposed community facilities district, the  
6 voters in the special elections provide for in Section 14 hereof shall be the landowners of the  
7 community facilities district whose property would be subject to the special taxes if they were  
8 levied at the time of the close of the public hearing provided for in Section 11 hereof, and each  
9 landowner shall have one vote for each acre, or portion thereof, which he or she owns with the  
10 community facilities district and within each Improvement Area.

11 **Section 2. Proposed Community Facilities District.** A community facilities  
12 district is proposed to be established under the provisions of Chapter 2.5 (commencing with  
13 Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly  
14 known as the "Mello-Roos Community Facilities Act of 1982." The name proposed for the  
15 community facilities district is "Community Facilities District No. F05-1 (Homeland/Romoland)  
16 of Riverside County Flood Control and Water Conservation District, County of Riverside, State  
17 of California."

18 **Section 3. Description and Map of Boundaries.** The boundaries of the  
19 proposed community facilities district are described and shown on the map entitled "Boundaries  
20 of Community Facilities District No. 05-1 (Homeland/Romoland) of Riverside County Flood  
21 Control and Water Conservation District, County of Riverside, State of California" that is on file  
22 with the Clerk of the Board of Supervisors (the "Clerk"). Pursuant to Section 3110 of the  
23 California Streets and Highways Code, the Clerk shall, after conforming with the other  
24 requirements of Section 3111 of said Code, record the original of said map in her office and shall  
25 file a copy of said boundary map with the County Recorder of the County of Riverside.

26 **Section 4. Types of Facilities; Incidental Expenses.**

27 (a) The types of public facilities proposed to be provided for and financed by  
28 the proposed community facilities district are:

1 (1) Flood Control Facilities. Flood control and storm water drainage  
2 facilities, including, but not limited to, the facilities that are identified in Exhibit "B" to the  
3 Funding and Acquisition Agreement;

4 (2) County Facilities. Public road and bridge facilities of the County;  
5 and

6 (3) City Facilities. Public road and bridge facilities of the City.

7 (b) The incidental expenses that will be incurred are: (i) the cost of planning  
8 and designing the Flood Control Facilities, the County Facilities, and the City Facilities and the  
9 cost of environmental evaluations thereof, (ii) all costs associated with the formation of the  
10 proposed community facilities district, the issuance of the bonds thereof, the determination of the  
11 amount of and collection of special taxes, the payment of special taxes, and costs otherwise  
12 incurred in order to carry out the authorized purposes of the community facilities district, and (iii)  
13 any other expenses incidental to the construction, completion, and inspection of the Flood Control  
14 Facilities, the County Facilities, and the City Facilities.

15 **Section 5. Special Taxes.** Except where funds are otherwise available, special  
16 taxes sufficient to pay for the Flood Control Facilities, the County Facilities, and the City  
17 Facilities and to pay the principal of and interest on the bonds of the proposed community  
18 facilities district and the annual administrative expenses of the District and the proposed  
19 community facilities district in determining, apportioning, levying and collecting such special  
20 taxes and in paying the principal of and interest on such bonds and the costs of registering,  
21 exchanging and transferring such bonds, secured by the recordation of a continuing lien against  
22 all taxable or nonexempt property in the proposed community facilities district, shall be annually  
23 levied within the proposed community facilities district.

24 Parcels of taxable property in the portions of the proposed community facilities  
25 district that are to be designated as improvement areas pursuant to Section 53350 of the California  
26 Government Code, as provided in Section 8 hereof, shall be subject to the annual levy of special  
27 taxes to pay the principal of and interest on the bonds of the proposed community facilities  
28 district that may be issued and sold to finance the design, construction, and acquisition of the

1 Flood Control Facilities, the County Facilities, and the City Facilities for property in each such  
2 improvement area.

3           The rates and method of apportionment of special taxes to be levied on parcels of  
4 taxable property in the proposed community facilities district and in each such improvement area  
5 to pay the principal of and interest on the bonds of the proposed community facilities district that  
6 may be issued and sold to finance the Flood Control Facilities, the County Facilities, and the City  
7 Facilities and such other expenses and costs, or to pay or accumulate funds for paying the costs of  
8 the Flood Control Facilities, the County Facilities, and the County Facilities, shall be as set forth  
9 in Exhibit "A," Exhibit "B," and Exhibit "C" attached hereto and by this reference made a part  
10 hereof.

11           The maximum amounts of special taxes that may be levied in any year on parcels  
12 within the proposed community facilities district that are used for private residential purposes  
13 ("Residential Parcels") are specified in dollar amounts in Exhibit "A," Exhibit "B," and Exhibit  
14 "C" hereto. Special taxes shall not be levied on any Residential Parcels to pay the principal of  
15 and interest on outstanding bonds of the proposed community facilities district after the tax or  
16 fiscal year beginning on July 1, 2045 and ending on June 30, 2046 and that fiscal year shall be the  
17 last tax year in which special taxes shall be levied on Residential Parcels for such purpose. Under  
18 no circumstance shall the special taxes levied on any Residential Parcel be increased as a  
19 consequence of delinquency or default by the owner of any other parcel or parcels within the  
20 proposed community facilities district by more than 10 percent above the amount of the special  
21 tax that would have been levied had there never been any such delinquency or default.

22           The conditions under which the obligation to pay the special taxes may be prepaid  
23 and permanently satisfied are as set forth in Exhibit "A," Exhibit "B," and Exhibit "C" hereto.

24           Pursuant to Section 53340 of the California Government Code, said special taxes  
25 shall be collected in the same manner as ordinary ad valorem property taxes are collected and  
26 shall be subject to the same penalties and the same procedure, sale, and lien priority in case of  
27 delinquency as is provided for ad valorem taxes.

28

1                    **Section 6. Exempt Properties.** Pursuant to Section 53340 of the California  
2 Government Code and except as provided in Section 53317.3 of said Code, properties of entities  
3 of the state, federal, and local governments shall be exempt from the levy of special taxes for the  
4 payment of the principal of and interest on the bonds of the proposed community facilities  
5 district.

6                    **Section 7. Necessity.** The Board of Supervisors finds that the proposed Flood  
7 Control Facilities, County Facilities, and City Facilities described in Section 4 hereof are  
8 necessary to meet increased demands placed upon the District as a result of new development  
9 occurring within the boundaries of the proposed community facilities district.

10                   **Section 8. Proposed Improvement Areas and Allocation of Bonded**  
11 **Indebtedness Thereto.** The Board of Supervisors proposes to designate Improvement Area No.  
12 1, Improvement Area No. 2, and Improvement Area No. 3 of Community Facilities District No.  
13 05-01 (Homeland/Romoland) of Riverside County Flood Control and Water Conservation  
14 District, County of Riverside, State of California (the "Improvement Areas"). The boundaries of  
15 the proposed Improvement Areas are described and shown on the map of the boundaries of the  
16 proposed community facilities district that is on file with the Clerk. The portions of the proposed  
17 \$100,000,000 bonded indebtedness for the proposed community facilities district that are  
18 proposed to be allocated to the financing of the Flood Control Facilities, the County Facilities,  
19 and the City Facilities for each of the proposed Improvement Areas are as follows:

20                   Improvement Area No. 1	\$47,000,000
21                   Improvement Area No. 2	\$39,000,000
22                   Improvement Area No. 3	\$14,000,000

23                   Pursuant to Section 53350 of the California Government Code, all proceedings for  
24 purposes of a bond election with respect to the portion of the bonded indebtedness allocated  
25 above to each of the proposed Improvement Areas and for the purpose of levying special taxes for  
26 the payment of the principal of and interest on the bonds that may be issued and sold to represent  
27 such bonded indebtedness and to finance the design, construction, and acquisition of the Flood  
28

1 Control Facilities, the County Facilities, and the City Facilities for each of the proposed  
2 Improvement Areas shall apply only to the Improvement Area.

3 The proposed rates and method of apportionment of special taxes for proposed  
4 Improvement Area No. 1 are set forth in Exhibit "A" attached hereto. The proposed rates and  
5 method of apportionment of special taxes for proposed Improvement Area No. 2 are set forth in  
6 Exhibit "B" attached hereto. The proposed rates and method of apportionment of special taxes  
7 for proposed Improvement Area No. 3 are set forth in Exhibit "C" attached hereto.

8 **Section 9. Repayment of Funds Advanced or Work-in-Kind.** Pursuant to  
9 Section 53314.9 of the California Government Code, the Board of Supervisors proposes to  
10 accept advances of funds or work-in-kind from private persons or private entities and to provide,  
11 by resolution, for the use of those funds or that work-in-kind for any authorized purpose,  
12 including but not limited to, paying any costs incurred by the District in creating the proposed  
13 community facilities district, and to enter into an agreement, by resolution, with the person or  
14 entity advancing the funds or work-in-kind to repay funds advanced, or to reimburse the person or  
15 entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the Board of  
16 Supervisors.

17 **Section 10. Prohibition of Owner Contracts.** Pursuant to Section 53329.5 of  
18 the California Government Code, the Board of Supervisors finds that the public interest will not  
19 be served by allowing the owners of property within the proposed community facilities district or  
20 any Improvement Area to enter into a contract in accordance with subdivision (a) of that section,  
21 and that such owners shall not be permitted to elect to perform the work and enter into a written  
22 contract with the District for the construction of the public facilities pursuant to said Section  
23 53329.5.

24 **Section 11. Hearing.** A public hearing on the formation of the proposed  
25 community facilities district shall be held at 1:30 p.m. on January 29, 2008 in the meeting room  
26 of the Board of Supervisors at 4080 Lemon Street, Riverside, California.

27 **Section 12. Notice.** The Clerk shall publish a notice of the time and place of  
28 said hearing as required by Section 53322 of the California Government Code, and shall also give

1 notice of the time and place of said hearing by first-class mail to each registered voter and to each  
2 landowner within the proposed community facilities district as prescribed by Section 53322.4 of  
3 said Code. Said notice shall be published at least seven (7) days and mailed at least 15 days  
4 before the date of the hearing, and shall contain the information required by said Section 53322.

5 **Section 13. Report.** The officers of the District who will be responsible for  
6 providing the proposed types of public facilities to be provided within and financed by the  
7 proposed community facilities district, if it is established, shall study the proposed community  
8 facilities district, and, at or before the time of said hearing, file a report with the Board of  
9 Supervisors containing a brief description of the public facilities by type that will in their opinion  
10 be required to adequately meet the needs of the proposed community facilities district and their  
11 estimate of the fair and reasonable cost of providing those public facilities and the incidental  
12 expenses to be incurred in connection therewith. Such report shall include a description and an  
13 estimate of the cost of the County Facilities and the City Facilities that are proposed to be  
14 financed with the proceeds of the sale of the bonds of the proposed community facilities district.  
15 Such report shall be made a part of the record of the hearing to be held pursuant to Section 11  
16 hereof.

17 **Section 14. Description of Voting Procedures.** The consolidated special  
18 elections on (i) the propositions with respect to the proposed community facilities district  
19 incurring bonded indebtedness in an amount not to exceed \$100,000,000, (ii) the propositions  
20 with respect to the District incurring portions of such bonded indebtedness for the Improvement  
21 Areas, (iii) the propositions with respect to the levy of special taxes on the land within the  
22 community facilities district and the Improvement Areas to pay the principal of and interest on  
23 the bonds thereof that may be issued and sold to finance the design, construction, and acquisition  
24 of public facilities or to pay or accumulate funds for paying the costs of the design, construction,  
25 and acquisition of public facilities, and (iv) the proposition with respect to establishing an  
26 appropriations limit for the community facilities district in the amount of \$10,000,000, if the  
27 community facilities district is established and such consolidated special elections (the  
28 "consolidated special elections") are held, shall be conducted by the Clerk. The procedures to be

1 followed by the Clerk in conducting such elections shall be as follows:

2 (a) The consolidated special elections shall be held on the earliest date upon  
3 that such elections can be held pursuant to Section 53326 of the California Government Code that  
4 may be selected by the Board of Supervisors, or such earlier date as the owners of land within the  
5 community facilities district and the Clerk agree and concur is acceptable.

6 (b) Pursuant to said Section 53326, the consolidated special elections may be  
7 held earlier than 90 days following the close of the public hearing if the qualified electors of the  
8 community facilities district and the Improvement Areas waive the time limits for conducting the  
9 elections set forth in said Section 53326 by unanimous written consent and the Clerk concurs in  
10 such earlier election date as shall be consented to by the qualified electors.

11 (c) Pursuant to said Section 53326, ballots for the consolidated special  
12 elections shall be distributed to the qualified electors by the Clerk by mail with return postage  
13 prepaid, or by personal service.

14 (d) Pursuant to applicable sections of the California Elections Code governing  
15 the conduct of mail ballot elections of the District, and specifically Division 4 (commencing with  
16 Section 4000) of the California Elections Code with respect to elections conducted by mail, the  
17 Clerk shall mail or deliver to each qualified elector an official ballot in a form specified by the  
18 Board of Supervisors in the resolutions calling and consolidating the consolidated special  
19 elections, and shall also mail or deliver to all such qualified electors a ballot pamphlet and  
20 instructions to voter, including a sample ballot identical in form to the official ballot but identified  
21 as a sample ballot, a statement pursuant to Section 9401 of said Code, an impartial analysis by the  
22 County Counsel of the County of Riverside, pursuant to Section 9160 of said Code, with respect  
23 to the ballot propositions contained in the official ballot, arguments and rebuttals, if any, pursuant  
24 to Sections 9162 to 9167, inclusive, of said Code, a return identification envelope with prepaid  
25 postage thereon addressed to the Clerk for return of the voted official ballots; provided, however,  
26 that such statement, analysis and arguments may be waived with the unanimous consent of all the  
27 landowners, and in such event a finding regarding such waivers shall be made in the resolution  
28 adopted by the Board of Supervisors calling the consolidated special elections.

1           (e)    The official ballot to be mailed or delivered by the Clerk to each  
2 landowner-voter shall have printed or typed thereon the name of the landowner-voter and the  
3 number of votes to be voted by the landowner-voter and shall have appended to it a certification  
4 to be signed by the person voting the official ballot that shall certify that the person signing the  
5 certification is the person who voted the official ballot, and if the landowner-voter is other than a  
6 natural person, that he or she is an officer of or other person affiliated with the landowner-voter  
7 entitled to vote such official ballot, that he or she has been authorized to vote such official ballot  
8 on behalf of the landowner-voter, that in voting such official ballot it was his or her intent, as well  
9 as the intent of the landowner-voter, to vote all votes to which the landowner-voter is entitled  
10 based on its land ownership on the propositions set forth in the official ballot as marked thereon  
11 in the voting square opposite each such proposition, and further certifying as to the acreage of the  
12 landowner-voter's land ownership within the community facilities district.

13           (f)    The return identification envelope mailed or delivered by the Clerk to each  
14 landowner-voter shall have printed or typed thereon the following: (i) the name of the landowner,  
15 (ii) the address of the landowner, (iii) a declaration under penalty of perjury stating that the voter  
16 is the landowner or the authorized representative of the landowner entitled to vote the enclosed  
17 ballot and is the person whose name appears on the identification envelope, (iv) the printed name  
18 and signature of the voter, (v) the address of the voter, (vi) the date of signing and place of  
19 execution of said declaration, and (vii) a notice that the envelope contains an official ballot and is  
20 to be opened only by the Clerk.

21           (g)    The instruction to voter form to be mailed or delivered by the Clerk to the  
22 landowner-voters shall inform them that the official ballots shall be returned to the Clerk properly  
23 voted as provided thereon and with the certification appended thereto properly completed and  
24 signed in the sealed return identification envelope with the certification thereon completed and  
25 signed and all other information to be inserted thereon properly inserted by the time on the date of  
26 the election specified by the Board of Supervisors in the resolution calling the special election;  
27 provided that the election shall be closed before such hour if the Clerk determines that all of the  
28 qualified voters have voted.

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(h) Upon receipt of the return identification envelopes that are returned prior to the voting deadline on the date of the elections, the Clerk shall canvass the votes cast in the consolidated special elections, and shall file a statement with the Board of Supervisors as to the results of such canvass and the election on each proposition set forth in the official ballot.

The procedures set forth in this section for conducting the consolidated special elections, if they are held, may be modified as the Board of Supervisors may determine to be necessary or desirable by a resolution subsequently adopted by the Board of Supervisors.

**ADOPTED** this 18th day of December, 2007.

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FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER DATE



## EXHIBIT "A"

### **RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-01 (HOMELAND/ROMOLAND) RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (IMPROVEMENT AREA NO. 1)**

A Special Tax (all capitalized terms are defined in Section A) shall be applicable to each Parcel of Taxable Property located within Improvement Area No. 1 of Community Facilities District No. 05-01. The amount of Special Tax to be levied on a Parcel in each Fiscal Year, in which the Administrator determines that the levy of the Special Tax shall commence, shall be determined by the Board by applying the appropriate Special Tax as provided in Sections B, C, and D. All Parcels in the Improvement Area, unless exempted by law or by the provisions hereof in Section E, 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 gross acreage of a Parcel as shown on or determined on the basis of the most recent Assessor's Parcel Map, or if the Acreage is not shown on or cannot be determined from the Assessor's Parcel Map, the gross Acreage as shown on or determined based on the applicable Final Map, parcel map, condominium plan, plot plan or other similar document, as determined by the Administrator to be appropriate.

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

**"Administrative Expenses"** means all actual or reasonably estimated costs and expenses of the District and the CFD that are chargeable or allocable to the District or the CFD in connection with the administration of the CFD as allowed by the Act, which is allocable to the Improvement Area, and shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, trustee fees, rebate compliance calculation fees, any litigation involving the CFD, continuing disclosure undertakings of the District as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses.

**"Administrator"** means General Manager-Chief Engineer of the District, or his or her designee.

**"Approved Property"** means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which building permits were not issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel number.

**“Assigned Special Tax”** means the Assigned Special Tax for Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 1 and Zone 2 as shown in Table 1 and Table 2, respectively, or as determined with respect to Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 3 pursuant to the last paragraph of Section C.1.a.

**“Backup Special Tax”** means the Special Tax amount set forth in Section C.1.b.

**“Board”** means the Board of Supervisors of the District, acting in its capacity as the legislative body of the CFD.

**“Bonds”** means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes on Parcels of Taxable Property in the Improvement Area.

**“Classified”** the term “classified” is used interchangeably with reference to the classification of Parcels of Developed Property as Multifamily Residential Property, Non-Residential Property and Single Family Property, and with reference to the assignment of Parcels of Developed Property in Zone 1 and Zone 2, including Parcels of Single Family Property, to the Land Use Categories set forth in Table 1 and Table 2, respectively.

**“CFD”** means Community Facilities District No. F5-01 (Homeland/Romoland) of the District established pursuant to the Act.

**“County”** means the County of Riverside.

**“Developed Property”** means all Parcels of Taxable Property, not classified or categorized as Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property and/or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a building permit for new construction was issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**“District”** means the Riverside County Flood Control and Water Conservation District.

**“Dwelling Unit” or “DU”** means an attached or detached single family residential unit.

**“Exempt Property”** means any Parcel that is exempt from Special Taxes pursuant to Section E.

**“Facilities”** means the storm water drainage and flood control facilities of the District that will be financed with the proceeds of the sale of the Bonds and/or with the revenues of Special Taxes levied on Parcels of Taxable Property.

**“Final Map”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued without further subdivision, or a condominium project (as defined by California Civil Code Section 1351(f)) created by the recordation of a condominium plan pursuant to California Civil Code 1352.

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

**“Improvement Area”** means Improvement Area No. 1 of the CFD, as identified on the boundary map for the CFD.

**“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, and any instrument replacing or supplementing the same.

**“Land Use Category(ies)”** means, with respect to Parcels in Zone 1 and Zone 2, any of the land use categories listed in Table 1 and Table 2, respectively.

**“Maximum Special Tax”** means the maximum amount of Special Tax that can be levied in any Fiscal Year on a Parcel of Taxable Property, as determined pursuant to Section C.

**“Multifamily Residential Property”** means any Parcel of Developed Property that has been or will be improved with a building or buildings comprised of attached residential units available for rent by the general public and not for sale to occupants, and which are under common management.

**“Non-Residential Property”** means all Parcels of Developed Property for which a building permit was issued for the construction of any type of non-residential building.

**“Open Space Property”** means Parcels that are or will be dedicated as open space and will not be improved with structures that will be used for residential or commercial purposes, as determined by the Administrator.

**“Parcel(s)”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned parcel number at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied.

**“Parking Property”** means a Parcel that is or will be used exclusively for motor vehicle parking, as determined by the Administrator.

**“Property Owners’ Association Property”** means any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated to, or irrevocably offered for dedication to a property owners’ association, including any master or sub-association.

**“Proportionately”** means : (i) for Parcels of Developed Property in any Zone that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property in the Zone, (ii) for Parcels of Approved Property in any Zone that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels in the Zone, and (iii) for Parcels of Undeveloped Property and Parcels of Public Property, Open Space Property, Parking Property and/or Property Owners’ Association Property, that are not Exempt Property, in any Zone, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels within the Zone.

**“Public Property”** means, subject to Government Code Sections 53317.3 and 53317.5, any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, a city, or any other local governmental agency; provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified and taxed according to its use.

**“Residential Floor Area”** means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on a Parcel. The determination of Residential Floor Area shall be made by reference to the building permit for the Parcel or other similar official document selected by the Administrator.

**“Residential Property”** means all Parcels of Developed Property for which a building permit has been issued for the construction of one or more residential dwelling units.

**“Single Family Attached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of attached residential units.

**“Single Family Detached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of detached residential units.

**“Single Family Property”** means either Parcels of Single Family Attached Property or Parcels of Single Family Detached Property.

**“Special Tax(es)”** means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property.

**“Special Tax Requirement”** means (a) prior to the issuance of Bonds, the amount which the Board determines is necessary in any Fiscal Year to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor, and (b) after the issuance of Bonds, the amount required in any Fiscal Year to pay the total of (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; plus (ii) periodic costs with respect to the Bonds, including but not limited to, credit enhancement and rebate payments; plus (iii) Administrative Expenses; plus (iv) an amount equal to any anticipated shortfall in Special Tax revenues due to Special Tax delinquencies in the prior Fiscal Year; plus (v) any amount required to establish or replenish a reserve fund for the Bonds; less (vi) a credit for any funds available to reduce the annual Special Tax levy, as determined by the Administrator. The Special Tax shall not be levied on any Parcel of Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property prior to the issuance of Bonds.

**“Taxable Property”** means all Parcels in the Improvement Area that are not Exempt Property and for which the obligation to pay the Special Tax has not been prepaid pursuant to Section H.

**“Undeveloped Property”** means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Public Property, Open Space Property, Parking Property or Property Owners’ Association Property.

**“Zone”** means Zone 1, Zone 2, or Zone 3.

**“Zone 1”** means the specific area identified on the boundary map for the CFD as Tax Zone 1 of the Improvement Area.

**“Zone 2”** means the specific area identified on the boundary map for the CFD as Tax Zone 2 of the Improvement Area.

“Zone 3” means the specific area identified on the boundary map for the CFD as Tax Zone 3 of the Improvement Area.

## **B. CLASSIFICATION AND ASSIGNMENT TO LAND USE CATEGORIES**

For each Fiscal Year, commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence, all Parcels of Taxable Property within each Zone shall be classified as Developed Property, Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property, and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C, and D.

Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall further be classified as Single Family Property or Multifamily Property. Parcels of Residential Property in Zone 1 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 1 based on the Residential Floor Area of the Dwelling Unit(s) on the Parcel. Parcels of Residential Property in Zone 2 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 2 based on the Residential Floor Area of the Dwelling Units on the Parcel.

## **C. MAXIMUM SPECIAL TAX**

### **1. Developed Property**

The Maximum Special Tax for each Parcel of Single Family Property in Zone 1 or Zone 2 shall be the greater of: (i) the applicable Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Non-Residential Property and each Parcel of Multifamily Residential Property in Zone 1 or Zone 2 shall be the Assigned Special Tax described in Table 1 or Table 2, as applicable.

The Maximum Special Tax for each Parcel of Developed Property in Zone 3 shall be the greater of: (i) the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

#### **a. Assigned Special Tax**

The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone 1 are shown in Table 1. The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone 2 are shown in Table 2.

**TABLE 1**  
Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 1

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 3,575 sq. ft.	\$2,243
B – Single Family Property	D/U	3,301 sq. ft. to 3,575 sq. ft.	\$2,152
C – Single Family Property	D/U	3,026 sq. ft. to 3,300 sq. ft.	\$2,000
D – Single Family Property	D/U	2,751 sq. ft. to 3,025 sq. ft.	\$1,939
E – Single Family Property	D/U	2,476 sq. ft. to 2,750 sq. ft.	\$1,817
F – Single Family Property	D/U	2,201 sq. ft. to 2,475 sq. ft.	\$1,744
G – Single Family Property	D/U	1,926 sq. ft. to 2,200 sq. ft.	\$1,665
H – Single Family Property	D/U	1,651 sq. ft. to 1,925 sq. ft.	\$1,574
I – Single Family Property	D/U	Less than or equal to 1,650 sq. ft.	\$1,483
J – Multifamily Residential Property	Acre	N/A	\$10,994
K – Non-Residential Property	Acre	N/A	\$10,994

**TABLE 2**Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 2

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 2,750 sq. ft.	\$2,573
B – Single Family Property	D/U	2,551 sq. ft. to 2,750 sq. ft.	\$2,467
C – Single Family Property	D/U	2,351 sq. ft. to 2,550 sq. ft.	\$2,327
D – Single Family Property	D/U	2,151 sq. ft. to 2,350 sq. ft.	\$2,169
E – Single Family Property	D/U	1,951 sq. ft. to 2,150 sq. ft.	\$2,063
F – Single Family Property	D/U	1,751 sq. ft. to 1,950 sq. ft.	\$1,922
G – Single Family Property	D/U	1,551 sq. ft. to 1,750 sq. ft.	\$1,817
H – Single Family Property	D/U	Less than or equal to 1,550 sq. ft.	\$1,711
I – Single Family Property (Attached)	D/U	Greater than 2,000 sq. ft.	\$1,799
J – Single Family Property (Attached)	D/U	1,751 sq. ft. to 2,000 sq. ft.	\$1,694
K – Single Family Property (Attached)	D/U	Less than or equal to 1,750 sq. ft.	\$1,588
L – Multifamily Residential Property	Acre	N/A	\$14,612
M – Non-Residential Property	Acre	N/A	\$14,612

Zone 3

The amount of the Assigned Special Tax for Parcels of Developed Property in Zone 3 shall be \$33,593 per Acre. At the time a Final Map is recorded, the Assigned Special Tax for each Parcel of Developed Property classified as Single Family Property within Zone 3 shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Assigned Special Tax for Parcels of Developed Property (*i.e.*, \$33,593) and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property within such Final Map. In the event that the use of a Parcel of Developed Property in Zone 3 that is initially classified as Multifamily Residential Property or Non-Residential Property is changed such that the Parcel should be classified as Single Family Property, the Assigned Special Tax applicable to each such Parcel of Single Family Property shall be the amount determined by (i) multiplying the Acreage of all such Parcels of Multifamily Residential Property and/or Parcels of Non-Residential Property that are reclassified as Single Family Property by the Assigned Special Tax for Parcels of Multifamily Residential Property and/or Non-Residential Property, and (ii) dividing the product thus obtained by the number of Parcels of Single Family Property resulting from such reclassification; and the quotient thus obtained shall be

the Assigned Special Tax for all such reclassified Parcels of Single Family Property within Zone 3.

b. Backup Special Tax

When a Final Map is recorded with respect to Parcels that are located in Zone 1, Zone 2, or Zone 3, the Backup Special Tax for each Parcel in such Final Map that will be classified as Single Family Property shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Maximum Special Tax for Parcels of Undeveloped Property, and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property (*i.e.* the number of single family residential lots or condominium units) within such Final Map.

Notwithstanding the foregoing, if Parcels that are classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar map or document, then the Backup Special Tax for such Parcels shall be recalculated using the methodology described in the preceding paragraph.

The Backup Special Tax for Parcels of Multifamily Residential Property or Non-Residential Property shall be the same as the Maximum Special Tax for Parcels of Undeveloped Property.

**2. Approved Property**

The Maximum Special Tax for each Parcel of Approved Property within Zone 1, Zone 2, or Zone 3 shall be the Backup Special Tax calculated pursuant to Section C.1.b.

**3. Undeveloped Property**

The Maximum Special Tax for each Parcel of Undeveloped Property within Zone 1 shall be \$12,935 per Acre; the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 2 shall be \$17,190 per Acre; and the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 3 shall be \$39,522 per acre.

**4. Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property that is not Exempt Property pursuant to the provisions of Section E.**

The Maximum Special Tax for each Parcel of Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property in Zone 1, Zone 2, or Zone 3 that is not Exempt Property shall be the amount determined by multiplying the Acreage of each such Parcel by the Assigned Special Tax for Parcels of Undeveloped Property in Zone 1, Zone 2, or Zone 3, as applicable.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence, and for each following Fiscal Year, the Board shall levy the Special Tax on all Taxable Property until the amount of Special Taxes equals the Special Tax Requirement in accordance with the following steps:

First: 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 Maximum Special Tax as needed to satisfy the Special Tax Requirement;

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

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax as needed to satisfy the Special Tax Requirement; and

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 Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property, that is not Exempt Property, at up to 100% of the applicable 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 of Residential Property be increased as a consequence of delinquency or default by the owner or owners of any other Parcel or Parcels 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**

### **1. Zone 1**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 83.64 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 83.64 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 83.64 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

## **2. Zone 2**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 103.51 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 103.51 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 103.51 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

## **3. Zone 3**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 2.23 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 2.23 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 2.23 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

## **F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator 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 may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act if necessary to meet the financial obligations of the CFD.

## **G. APPEALS**

Any Parcel owner may file a written appeal of the Special Tax on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the processing of an appeal, all Special Taxes previously levied on the appellant's Parcel(s) must be paid on or before the statutory payment date. The written appeal must specify the reasons why the appellant claims the Special Tax levied on his/her Parcel(s) is in error. The Administrator shall review the appeal, meet with the appellant, if the Administrator deems it necessary, and advise the appellant of the Administrator's determination.

## H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

**“CFD Public Facilities Amount”** means \$27,103,539 expressed in 2008 dollars, which shall increase by the Construction Inflation Index on July 1, 2009, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of the CFD, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds that will be secured by Special Taxes to be levied pursuant to this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities for the Improvement Area.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, published as of March 1 of the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities Amount minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds which will remain outstanding after September 2 of the calendar year that begins on January 1 of the current Fiscal Year, excluding bonds that will be redeemed at a later date with the proceeds of prior prepayments of Special Tax Obligations.

**“Special Tax Obligation”** means the total amount of Special Taxes that could be levied on a Parcel based on the Maximum Special Tax for the Parcel through the date of final maturity of the Outstanding Bonds.

### 1. **Prepayment in Full**

The Special Tax Obligation may only be prepaid and permanently satisfied for a Parcel of Developed Property, Approved Property, or Undeveloped Property for which a building permit has been issued, or a Parcel of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property that is not Exempt Property. The Special Tax Obligation for such a Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as provided herein; provided that prepayment of the Special Tax Obligation for a Parcel may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax Obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within ten (10) business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the prepayment. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for such

\*Parcel. Prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Prepayment Amount.

The Prepayment Amount (defined below) shall be determined as provided below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Developed Property and Approved Property, determine the Special Tax Obligation for the Parcel. For Parcels of Undeveloped Property, determine the Special Tax Obligation for such Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Parcel. For Parcels of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property, determine the Special Tax Obligation for such Parcel.
3. Divide the Special Tax Obligation determined pursuant to paragraph 2 by the estimated total amount of the Maximum Special Taxes that could be levied on all Parcels of Taxable Property in the Improvement Area based on the applicable Maximum Special Tax amounts, or if build-out has occurred, the actual Maximum Special Tax that could be levied on all Parcels of Taxable Property, less the amount of the Maximum Special Tax for any Parcels for which the Special Tax Obligation has previously been prepaid.
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 and paid with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount determined pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the Future Facilities Costs.
7. Multiply the quotient obtained pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

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

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. The Board shall also cause a suitable notice to be recorded in compliance with the Act, to indicate that the Special Tax Obligation for the Parcel has been paid, that the Special Tax lien on such Parcel has been cancelled, and that the obligation of such Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, the Special Tax Obligation for a Parcel may not be prepaid unless the amount of Maximum Special Taxes that may be levied on all Parcels of Taxable Property in the Improvement Area both prior to and after the proposed prepayment is and will be at least 1.1 times the maximum amount of principal and interest due with respect to the Outstanding Bonds in any Bond Year (as defined in the Indenture) plus the anticipated Administrative Expenses.

## 2. **Prepayment in Part**

The Special Tax Obligation for a Parcel of Developed Property, a Parcel of Approved Property, or a Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid in an amount that will provide for the redemption of Outstanding Bonds in increments of \$5,000. The amount of the prepayment shall be determined as provided in Section H.1; except that a partial prepayment shall be determined according to the following formula ("Partial Prepayment"):

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

These terms have the following meaning:

PP = the Partial Prepayment

$P_E$  = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the Special Tax Obligation for the Parcel(s) will be partially prepaid.

A = the Administrative Fees and Expenses calculated according to Section H.1

The owner of a Parcel who desires to partially prepay the Special Tax Obligation for the Parcel shall notify the Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the amount of the reduction in the annual Special Tax levy on the Parcel that the owner desires to achieve, and (iii) the company or agency that will be acting as the escrow agent, if applicable, and within ten (10) business days of receipt of such notice, the Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the Partial Prepayment. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Partial Prepayment amount for such Parcel. Partial prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Partial Prepayment.

With respect to any Parcel for which the Special Tax Obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment according to Paragraph 15 of Section H.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment of the Special Tax Obligation for such Parcel, that a portion of the Special Tax Obligation equal to the percentage  $(1.00 - F)$  of the remaining Special Tax Obligation has not been prepaid, and that Special Taxes shall continue to be levied on such Parcel pursuant to Section D.

## I. **TERM OF THE SPECIAL TAX**

For each year that any Bonds are outstanding the Special Tax may be levied on all Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse the CFD for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than Fiscal Year 2045-46.

## EXHIBIT "B"

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-01 (HOMELAND/ROMOLAND) RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (IMPROVEMENT AREA NO. 2)

A Special Tax (all capitalized terms are defined in Section A) shall be applicable to each Parcel of Taxable Property located within Improvement Area No. 2 of Community Facilities District No. 05-01. The amount of Special Tax to be levied on a Parcel in each Fiscal Year, in which the Administrator determines that the levy of the Special Tax shall commence, shall be determined by the Board by applying the appropriate Special Tax as provided in Sections B, C, and D. All Parcels in the Improvement Area, unless exempted by law or by the provisions hereof in Section E, 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 gross acreage of a Parcel as shown on or determined on the basis of the most recent Assessor's Parcel Map, or if the Acreage is not shown on or cannot be determined from the Assessor's Parcel Map, the gross Acreage as shown on or determined based on the applicable Final Map, parcel map, condominium plan, plot plan or other similar document, as determined by the Administrator to be appropriate.

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

**"Administrative Expenses"** means all actual or reasonably estimated costs and expenses of the District and the CFD that are chargeable or allocable to the District or the CFD in connection with the administration of the CFD as allowed by the Act, which is allocable to the Improvement Area, and shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, trustee fees, rebate compliance calculation fees, any litigation involving the CFD, continuing disclosure undertakings of the District as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses.

**"Administrator"** means General Manager-Chief Engineer of the District, or his or her designee.

**"Approved Property"** means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which building permits were not issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel number

**Assigned Special Tax** means the Assigned Special Tax for Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 1 as shown in Table 1, or as determined with respect to Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 2, Zone 3, and Zone 4 pursuant to the second, third, and fourth paragraphs of Section C.1.a, respectively.

**Backup Special Tax** means the Special Tax amount set forth in Section C.1.b.

**Board** means the Board of Supervisors of the District, acting in its capacity as the legislative body of the CFD.

**Bonds** means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes on Parcels of Taxable Property in the Improvement Area.

**Classified** the term "classified" is used interchangeably with reference to the classification of Parcels of Developed Property as Multifamily Residential Property, Non-Residential Property and Single Family Property, and with reference to the assignment of Parcels of Developed Property in Zone 1, including Parcels of Single Family Property, to the Land Use Categories set forth in Table 1.

**CFD** means Community Facilities District No. F5-01 (Homeland/Romoland) of the District established pursuant to the Act.

**County** means the County of Riverside.

**Developed Property** means all Parcels of Taxable Property, not classified or categorized as Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a building permit for new construction was issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**District** means the Riverside County Flood Control and Water Conservation District.

**Dwelling Unit** or **DU** means an attached or detached single family residential unit.

**Exempt Property** means any Parcel that is exempt from Special Taxes pursuant to Section E.

**Facilities** means the storm water drainage and flood control facilities of the District that will be financed with the proceeds of the sale of the Bonds and/or with the revenues of Special Taxes levied on Parcels of Taxable Property.

**Final Map** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued without further subdivision, or a condominium project (as defined by California Civil Code Section 1351(f)) created by the recordation of a condominium plan pursuant to California Civil Code 1352.

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

**“Improvement Area”** means Improvement Area No. 2 of the CFD, as identified on the boundary map for the CFD.

**“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, and any instrument replacing or supplementing the same.

**“Land Use Category(ies)”** means, with respect to Parcels in Zone 1, any of the land use categories listed in Table 1.

**“Maximum Special Tax”** means the maximum amount of Special Tax that can be levied in any Fiscal Year on a Parcel of Taxable Property, as determined pursuant to Section C.

**“Multifamily Residential Property”** means any Parcel of Developed Property that has been or will be improved with a building or buildings comprised of attached residential units available for rent by the general public and not for sale to occupants, and which are under common management.

**“Non-Residential Property”** means all Parcels of Developed Property for which a building permit was issued for the construction of any type of non-residential building.

**“Open Space Property”** means Parcels that are or will be dedicated as open space and will not be improved with structures that will be used for residential or commercial purposes, as determined by the Administrator.

**“Parcel(s)”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned parcel number at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied.

**“Parking Property”** means a Parcel that is or will be used exclusively for motor vehicle parking, as determined by the Administrator.

**“Property Owners’ Association Property”** means any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated to, or irrevocably offered for dedication to a property owners’ association, including any master or sub-association.

**“Proportionately”** means : (i) for Parcels of Developed Property in any Zone that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property in the Zone, (ii) for Parcels of Approved Property in any Zone that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels in the Zone, and (iii) for Parcels of Undeveloped Property and Parcels of Public Property, Open Space Property, Parking Property and/or Property Owners’ Association Property, that are not Exempt Property, in any Zone, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels within the Zone.

**“Public Property”** means, subject to Government Code Sections 53317.3 and 53317.5, any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, a city, or any other local governmental agency; provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified and taxed according to its use.

**“Residential Floor Area”** means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on a Parcel. The determination of Residential Floor Area shall be made by reference to the building permit for the Parcel or other similar official document selected by the Administrator.

**“Residential Property”** means all Parcels of Developed Property for which a building permit has been issued for the construction of one or more residential dwelling units.

**“Single Family Attached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of attached residential units.

**“Single Family Detached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of detached residential units.

**“Single Family Property”** means either Parcels of Single Family Attached Property or Parcels of Single Family Detached Property.

**“Special Tax(es)”** means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property.

**“Special Tax Requirement”** means (a) prior to the issuance of Bonds, the amount which the Board determines is necessary in any Fiscal Year to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor, and (b) after the issuance of Bonds, the amount required in any Fiscal Year to pay the total of (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; plus (ii) periodic costs with respect to the Bonds, including but not limited to, credit enhancement and rebate payments; plus (iii) Administrative Expenses; plus (iv) an amount equal to any anticipated shortfall in Special Tax revenues due to Special Tax delinquencies in the prior Fiscal Year; plus (v) any amount required to establish or replenish a reserve fund for the Bonds; less (vi) a credit for any funds available to reduce the annual Special Tax levy, as determined by the Administrator. The Special Tax shall not be levied on any Parcel of Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property prior to the issuance of Bonds.

**“Taxable Property”** means all Parcels in the Improvement Area that are not Exempt Property and for which the obligation to pay the Special Tax has not been prepaid pursuant to Section H.

**“Undeveloped Property”** means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Public Property, Open Space Property, Parking Property or Property Owners’ Association Property.

**“Zone”** means Zone 1, Zone 2, Zone 3, or Zone 4.

**“Zone 1”** means the specific area identified on the boundary map for the CFD as Tax Zone 1 of the Improvement Area.

**“Zone 2”** means the specific area identified on the boundary map for the CFD as Tax Zone 2 of the Improvement Area.

“Zone 3” means the specific area identified on the boundary map for the CFD as Tax Zone 3 of the Improvement Area.

“Zone 4” means the specific area identified on the boundary map for the CFD as Tax Zone 4 of the Improvement Area.

## **B. CLASSIFICATION AND ASSIGNMENT TO LAND USE CATEGORIES**

For each Fiscal Year, commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence,, all Parcels of Taxable Property within each Zone shall be classified as Developed Property, Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property, and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C, and D.

Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall further be classified as Single Family Property or Multifamily Property. Parcels of Residential Property in Zone 1 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 1 based on the Residential Floor Area of the Dwelling Unit(s) on the Parcel.

## **C. MAXIMUM SPECIAL TAX**

### **1. Developed Property**

The Maximum Special Tax for each Parcel of Single Family Property in Zone 1 shall be the greater of: (i) the applicable Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Non-Residential Property and each Parcel of Multifamily Residential Property in Zone 1 shall be the Assigned Special Tax described in Table 1.

The Maximum Special Tax for each Parcel of Developed Property in Zone 2, Zone 3, or Zone 4 shall be the greater of the applicable: (i) Assigned Special Tax or (ii) amount derived by application of the Backup Special Tax.

#### **a. Assigned Special Tax**

##### Zone 1

The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone I are shown in Table 1.

**TABLE 1**

Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 1

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 3,100 sq. ft.	\$1,709
B – Single Family Property	D/U	2,776 sq. ft. to 3,100 sq. ft.	\$1,652
C – Single Family Property	D/U	2,451 sq. ft. to 2,775 sq. ft.	\$1,599
D – Single Family Property	D/U	2,126 sq. ft. to 2,450 sq. ft.	\$1,519
E – Single Family Property	D/U	1,801 sq. ft. to 2,125 sq. ft.	\$1,462
F – Single Family Property	D/U	1,476 sq. ft. to 1,800 sq. ft.	\$1,310
G – Single Family Property	D/U	Less than or equal to 1,475 sq. ft.	\$1,234
H – Multifamily Residential Property	Acre	N/A	\$7,470
I – Non-Residential Property	Acre	N/A	\$7,470

Zone 2

The amount of the Assigned Special Tax for Parcels of Developed Property in Zone 2 shall be \$8,150 per Acre. At the time a Final Map is recorded, the Assigned Special Tax for each Parcel of Developed Property classified as Single Family Property within Zone 2 shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Assigned Special Tax for Parcels of Developed Property (*i.e.*, \$8,150) and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property within such Final Map. In the event that the use of a Parcel of Developed Property in Zone 2 that is initially classified as Multifamily Residential Property or Non-Residential Property is changed such that the Parcel should be classified as Single Family Property, the Assigned Special Tax applicable to each such Parcel of Single Family Property shall be the amount determined by (i) multiplying the Acreage of all such Parcels of Multifamily Residential Property and/or Parcels of Non-Residential Property that are reclassified as Single Family Property by the Assigned Special Tax for Parcels of Multifamily Residential Property and/or Non-Residential Property, and (ii) dividing the product thus obtained by the number of Parcels of Single Family Property resulting from such reclassification; and the quotient thus obtained shall be the Assigned Special Tax for all such reclassified Parcels of Single Family Property within Zone 2.

Zone 3

The amount of the Assigned Special Tax for Parcels of Developed Property in Zone 3 shall be \$7,757 per Acre. At the time a Final Map is recorded, the Assigned Special Tax for each Parcel of Developed Property classified as Single Family Property within Zone 3 shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Assigned Special Tax for Parcels of Developed Property (*i.e.*, \$7,757) and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property within such Final Map. In the event that the use of a Parcel of Developed Property in Zone 3 that is initially classified as Multifamily Residential Property or Non-Residential Property is

changed such that the Parcel should be classified as Single Family Property, the Assigned Special Tax applicable to each such Parcel of Single Family Property shall be the amount determined by (i) multiplying the Acreage of all such Parcels of Multifamily Residential Property and/or Parcels of Non-Residential Property that are reclassified as Single Family Property by the Assigned Special Tax for Parcels of Multifamily Residential Property and/or Non-Residential Property, and (ii) dividing the product thus obtained by the number of Parcels of Single Family Property resulting from such reclassification; and the quotient thus obtained shall be the Assigned Special Tax for all such reclassified Parcels of Single Family Property within Zone 3.

#### Zone 4

The amount of the Assigned Special Tax for Parcels of Developed Property in Zone 4 shall be \$7,686 per Acre. At the time a Final Map is recorded, the Assigned Special Tax for each Parcel of Developed Property classified as Single Family Property within Zone 4 shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Assigned Special Tax for Parcels of Developed Property (*i.e.*, \$7,686) and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property within such Final Map. In the event that the use of a Parcel of Developed Property in Zone 4 that is initially classified as Multifamily Residential Property or Non-Residential Property is changed such that the Parcel should be classified as Single Family Property, the Assigned Special Tax applicable to each such Parcel of Single Family Property shall be the amount determined by (i) multiplying the Acreage of all such Parcels of Multifamily Residential Property and/or Parcels of Non-Residential Property that are reclassified as Single Family Property by the Assigned Special Tax for Parcels of Multifamily Residential Property and/or Non-Residential Property, and (ii) dividing the product thus obtained by the number of Parcels of Single Family Property resulting from such reclassification; and the quotient thus obtained shall be the Assigned Special Tax for all such reclassified Parcels of Single Family Property within Zone 4.

#### b. Backup Special Tax

When a Final Map is recorded with respect to Parcels that are located in Zone 1, Zone 2, Zone 3, or Zone 4, the Backup Special Tax for each Parcel in such Final Map that will be classified as Single Family Property shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Maximum Special Tax for Parcels of Undeveloped Property, and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property (*i.e.* the number of single family residential lots or condominium units) within such Final Map.

Notwithstanding the foregoing, if Parcels that are classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar map or document, then the Backup Special Tax for such Parcels shall be recalculated using the methodology described in the preceding paragraph.

The Backup Special Tax for Parcels of Multifamily Residential Property or Non-Residential Property shall be the same as the Maximum Special Tax for Parcels of Undeveloped Property.

## **2. Approved Property**

The Maximum Special Tax for each Parcel of Approved Property within Zone 1, Zone 2, Zone 3, or Zone 4 shall be the Backup Special Tax calculated pursuant to Section C.1.b.

## **3. Undeveloped Property**

The Maximum Special Tax for each Parcel of Undeveloped Property within Zone 1 shall be \$8,788 per Acre; the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 2 shall be \$9,589 per Acre; the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 3 shall be \$9,126 per acre; and the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 4 shall be \$9,043 per acre.

## **4. Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property that is not Exempt Property pursuant to the provisions of Section E.**

The Maximum Special Tax for each Parcel of Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property in Zone 1, Zone 2, Zone 3, or Zone 4 that is not Exempt Property shall be the amount determined by multiplying the Acreage of each such Parcel by the Assigned Special Tax for Parcels of Undeveloped Property in Zone 1, Zone 2, Zone 3, or Zone 4, as applicable.

## **D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence, and for each following Fiscal Year, the Board shall levy the Special Tax on all Taxable Property until the amount of Special Taxes equals the Special Tax Requirement in accordance with the following steps:

First: 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 Maximum Special Tax as needed to satisfy the Special Tax Requirement;

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

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax as needed to satisfy the Special Tax Requirement; and

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 Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property, that is not Exempt Property, at up to 100% of the applicable 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 of Residential Property be increased as a consequence of delinquency or default by the owner or owners of any other Parcel or Parcels 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**

### **1. Zone 1**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 18.76 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 18.76 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 18.76 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

### **2. Zone 2**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 33.93 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 33.93 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 33.93 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

### **3. Zone 3**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 30.30 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to

less than 30.30 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 30.30 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

#### **4. Zone 4**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 190.60 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 190.60 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 190.60 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

#### **F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator 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 may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act if necessary to meet the financial obligations of the CFD.

#### **G. APPEALS**

Any Parcel owner may file a written appeal of the Special Tax on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the processing of an appeal, all Special Taxes previously levied on the appellant's Parcel(s) must be paid on or before the statutory payment date. The written appeal must specify the reasons why the appellant claims the Special Tax levied on his/her Parcel(s) is in error. The Administrator shall review the appeal, meet with the appellant, if the Administrator deems it necessary, and advise the appellant of the Administrator's determination.

#### **H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**"CFD Public Facilities Amount"** means \$22,732,675 expressed in 2008 dollars, which shall increase by the Construction Inflation Index on July 1, 2009, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of the CFD, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds

that will be secured by Special Taxes to be levied pursuant to this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities for the Improvement Area.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, published as of March 1 of the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities Amount minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds which will remain outstanding after September 2 of the calendar year that begins on January 1 of the current Fiscal Year, excluding bonds that will be redeemed at a later date with the proceeds of prior prepayments of Special Tax Obligations.

**“Special Tax Obligation”** means the total amount of Special Taxes that could be levied on a Parcel based on the Maximum Special Tax for the Parcel through the date of final maturity of the Outstanding Bonds.

#### **1. Prepayment in Full**

The Special Tax Obligation may only be prepaid and permanently satisfied for a Parcel of Developed Property, Approved Property, or Undeveloped Property for which a building permit has been issued, or a Parcel of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property that is not Exempt Property. The Special Tax Obligation for such a Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as provided herein; provided that prepayment of the Special Tax Obligation for a Parcel may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax Obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within ten (10) business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the prepayment. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for such Parcel. Prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Prepayment Amount.

The Prepayment Amount (defined below) shall be determined as provided below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Developed Property and Approved Property, determine the Special Tax Obligation for the Parcel. For Parcels of Undeveloped Property, determine the Special Tax Obligation for such Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Parcel. For Parcels of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property, determine the Special Tax Obligation for such Parcel.
3. Divide the Special Tax Obligation determined pursuant to paragraph 2 by the estimated total amount of the Maximum Special Taxes that could be levied on all Parcels of Taxable Property in the Improvement Area based on the applicable Maximum Special Tax amounts, or if build-out has occurred, the actual Maximum Special Tax that could be levied on all Parcels of Taxable Property, less the amount of the Maximum Special Tax for any Parcels for which the Special Tax Obligation has previously been prepaid.
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 and paid with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount determined pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the Future Facilities Costs.
7. Multiply the quotient obtained pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the amount of the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "*Defeasance Amount*").
12. Verify the administrative fees and expenses, including the costs of determining the Prepayment Amount, the costs to invest the Prepayment Amount, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment of the Special Tax Obligation and the redemption of Outstanding Bonds (the "*Administrative Fees and Expenses*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, and the Administrative Fees and Expenses, less the Reserve Fund Credit (the "*Prepayment Amount*").
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate funds or accounts as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. The Board shall also cause a suitable notice to be recorded in compliance with the Act, to indicate that the Special Tax Obligation for the Parcel has been paid, that the Special Tax lien on such Parcel has been cancelled, and that the obligation of such Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, the Special Tax Obligation for a Parcel may not be prepaid unless the amount of Maximum Special Taxes that may be levied on all Parcels of Taxable Property in the Improvement Area both prior to and after the proposed prepayment is and will be at least 1.1 times the maximum amount of principal and interest due with respect to the Outstanding Bonds in any Bond Year (as defined in the Indenture) plus the anticipated Administrative Expenses.

## **2. Prepayment in Part**

The Special Tax Obligation for a Parcel of Developed Property, a Parcel of Approved Property, or a Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid in an amount that will provide for the redemption of Outstanding Bonds in increments of \$5,000. The amount of the prepayment shall be determined as provided in Section H.1; except that a partial prepayment shall be determined according to the following formula ("Partial Prepayment"):

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

These terms have the following meaning:

PP = the Partial Prepayment

P<sub>E</sub> = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the Special Tax Obligation for the Parcel(s) will be partially prepaid.

A = the Administrative Fees and Expenses calculated according to Section H.1

The owner of a Parcel who desires to partially prepay the Special Tax Obligation shall notify the Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the amount of the reduction in the annual Special Tax levy on the Parcel that the owner desires to achieve, and (iii) the company or agency that will be acting as the escrow agent, if applicable, and within ten (10) business days of receipt of such notice, the Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the Partial Prepayment. Within 30 days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Partial Prepayment amount for such Parcel. Partial prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Partial Prepayment.

With respect to any Parcel for which the Special Tax Obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment according to Paragraph 15 of Section H.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment of the Special Tax Obligation for such Parcel, that a portion of the Special Tax Obligation equal to the percentage (1.00 - F) of the remaining Special Tax Obligation has not been prepaid, and that Special Taxes shall continue to be levied on such Parcel pursuant to Section D.

## **I. TERM OF THE SPECIAL TAX**

For each year that any Bonds are outstanding the Special Tax may be levied on all Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse the CFD for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than Fiscal Year 2045-46.

## EXHIBIT "C"

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-01 (HOMELAND/ROMOLAND) RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (IMPROVEMENT AREA NO. 3)

A Special Tax (all capitalized terms are defined in Section A) shall be applicable to each Parcel of Taxable Property located within Improvement Area No. 3 of Community Facilities District No. 05-01. The amount of Special Tax to be levied on a Parcel in each Fiscal Year, in which the Administrator determines that the levy of the Special Tax shall commence, shall be determined by the Board by applying the appropriate Special Tax as provided in Sections B, C, and D. All Parcels in the Improvement Area, unless exempted by law or by the provisions hereof in Section E, 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 gross acreage of a Parcel as shown on or determined on the basis of the most recent Assessor's Parcel Map, or if the Acreage is not shown on or cannot be determined from the Assessor's Parcel Map, the gross Acreage as shown on or determined based on the applicable Final Map, parcel map, condominium plan, plot plan or other similar document, as determined by the Administrator to be appropriate.

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

**"Administrative Expenses"** means all actual or reasonably estimated costs and expenses of the District and the CFD that are chargeable or allocable to the District or the CFD in connection with the administration of the CFD as allowed by the Act, which is allocable to the Improvement Area, and shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, trustee fees, rebate compliance calculation fees, any litigation involving the CFD, continuing disclosure undertakings of the District as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses.

**"Administrator"** means General Manager-Chief Engineer of the District, or his or her designee.

**"Approved Property"** means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which building permits were not issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel number.

**"Assigned Special Tax"** means the Assigned Special Tax for Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 1, Zone 2, and Zone 3

as shown in Table 1, Table 2 and Table 3, respectively, or as determined with respect to Parcels of Single Family Property, Multifamily Property, and Non-Residential Property in Zone 4 pursuant to the last paragraph of Section C.1.a.

**“Backup Special Tax”** means the Special Tax amount set forth in Section C.1.b.

**“Board”** means the Board of Supervisors of the District, acting in its capacity as the legislative body of the CFD.

**“Bonds”** means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes on Parcels of Taxable Property in the Improvement Area.

**“Classified”** the term “classified” is used interchangeably with reference to the classification of Parcels of Developed Property as Multifamily Residential Property, Non-Residential Property and Single Family Property, and with reference to the assignment of Parcels of Developed Property in Zone 1, Zone 2, and Zone 3, including Parcels of Single Family Property, to the Land Use Categories set forth in Table 1, Table 2, and Table 3, respectively.

**“CFD”** means Community Facilities District No. F5-01 (Homeland/Romoland) of the District established pursuant to the Act.

**“County”** means the County of Riverside

**“Developed Property”** means all Parcels of Taxable Property, not classified or categorized as Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property and/or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a building permit for new construction was issued prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

**“District”** means the Riverside County Flood Control and Water Conservation District.

**“Dwelling Unit” or “DU”** means an attached or detached single family residential unit.

**“Exempt Property”** means any Parcel that is exempt from Special Taxes pursuant to Section E.

**“Facilities”** means the storm water drainage and flood control facilities of the District that will be financed with the proceeds of the sale of the Bonds and/or with the revenues of Special Taxes levied on Parcels of Taxable Property.

**“Final Map”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued without further subdivision, or a condominium project (as defined by California Civil Code Section 1351(f)) created by the recordation of a condominium plan pursuant to California Civil Code 1352.

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

**“Improvement Area”** means Improvement Area No. 3 of the CFD, as identified on the boundary map for the CFD.

**“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, and any instrument replacing or supplementing the same.

**“Land Use Category(ies)”** means, with respect to Parcels in Zones 1, 2, and 3, any of the land use categories listed in Table 1, Table 2, and Table 3, respectively.

**“Maximum Special Tax”** means the maximum amount of Special Tax that can be levied in any Fiscal Year on a Parcel of Taxable Property, as determined pursuant to Section C.

**“Multifamily Residential Property”** means any Parcel of Developed Property that has been or will be improved with a building or buildings comprised of attached residential units available for rent by the general public and not for sale to occupants, and which are under common management.

**“Non-Residential Property”** means all Parcels of Developed Property for which a building permit was issued for the construction of any type of non-residential building.

**“Open Space Property”** means Parcels that are or will be dedicated as open space and will not be improved with structures that will be used for residential or commercial purposes, as determined by the Administrator.

**“Parcel(s)”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned parcel number at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied.

**“Parking Property”** means a Parcel that is or will be used exclusively for motor vehicle parking, as determined by the Administrator.

**“Property Owners’ Association Property”** means any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated to, or irrevocably offered for dedication to a property owners’ association, including any master or sub-association.

**“Proportionately”** means : (i) for Parcels of Developed Property in any Zone that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property in the Zone, (ii) for Parcels of Approved Property in any Zone that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels in the Zone, and (iii) for Parcels of Undeveloped Property and Parcels of Public Property, Open Space Property, Parking Property and/or Property Owners’ Association Property, that are not Exempt Property, in any Zone, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all such Parcels within the Zone.

**“Public Property”** means, subject to Government Code Sections 53317.3 and 53317.5, any Parcel which, at the time the Special Tax is enrolled for the Fiscal Year for which the Special Tax is being levied, is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, a city, or any other local governmental agency; provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified and taxed according to its use.

**“Residential Floor Area”** means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area on a Parcel. The determination of Residential Floor Area shall be made by

reference to the building permit for the Parcel or other similar official document selected by the Administrator.

**“Residential Property”** means all Parcels of Developed Property for which a building permit has been issued for the construction of one or more residential dwelling units.

**“Single Family Attached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of attached residential units.

**“Single Family Detached Property”** means all Parcels of Residential Property, other than Parcels of Multifamily Residential Property, for which building permits have been issued for the construction of detached residential units.

**“Single Family Property”** means either Parcels of Single Family Attached Property or Parcels of Single Family Detached Property.

**“Special Tax(es)”** means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property.

**“Special Tax Requirement”** means (a) prior to the issuance of Bonds, the amount which the Board determines is necessary in any Fiscal Year to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor, and (b) after the issuance of Bonds, the amount required in any Fiscal Year to pay the total of (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year; plus (ii) periodic costs with respect to the Bonds, including but not limited to, credit enhancement and rebate payments; plus (iii) Administrative Expenses; plus (iv) an amount equal to any anticipated shortfall in Special Tax revenues due to Special Tax delinquencies in the prior Fiscal Year; plus (v) any amount required to establish or replenish a reserve fund for the Bonds; less (vi) a credit for any funds available to reduce the annual Special Tax levy, as determined by the Administrator. The Special Tax shall not be levied on any Parcel of Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property prior to the issuance of Bonds.

**“Taxable Property”** means all Parcels in the Improvement Area that are not Exempt Property and for which the obligation to pay the Special Tax has not been prepaid pursuant to Section H.

**“Undeveloped Property”** means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Public Property, Open Space Property, Parking Property or Property Owners’ Association Property.

**“Zone”** means Zone 1, Zone 2, Zone 3, or Zone 4.

**“Zone 1”** means the specific area identified on the boundary map for the CFD as Tax Zone 1 of the Improvement Area.

**“Zone 2”** means the specific area identified on the boundary map for the CFD as Tax Zone 2 of the Improvement Area.

**“Zone 3”** means the specific area identified on the boundary map for the CFD as Tax Zone 3 of the Improvement Area.

**“Zone 4”** means the specific area identified on the boundary map for the CFD as Tax Zone 4 of the Improvement Area.

## **B. CLASSIFICATION AND ASSIGNMENT TO LAND USE CATEGORIES**

For each Fiscal Year, commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence, all Parcels of Taxable Property within each Zone shall be classified as Developed Property, Approved Property, Undeveloped Property, Public Property, Open Space Property, Parking Property, or Property Owners’ Association Property, and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C, and D.

Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall further be classified as Single Family Property or Multifamily Property. Parcels of Residential Property in Zone 1 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 1 based on the Residential Floor Area of the Dwelling Unit(s) on the Parcel. Parcels of Residential Property in Zone 2 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 2 based on the Residential Floor Area of the Dwelling Units on the Parcel. Parcels of Residential Property in Zone 3 that are classified as Single Family Property shall be assigned to a Land Use Category as shown in Table 3 based on the Residential Floor Area of the Dwelling Units on the Parcel.

## **C. MAXIMUM SPECIAL TAX**

### **1. Developed Property**

The Maximum Special Tax for each Parcel of Single Family Property in Zone 1, Zone 2, or Zone 3 shall be the greater of: (i) the applicable Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Non-Residential Property and each Parcel of Multifamily Residential Property shall be the Assigned Special Tax described in Table 1, Table 2, or Table 3 as applicable.

The Maximum Special Tax for each Parcel of Developed Property in Zone 4 shall be the greater of the applicable: (i) Assigned Special Tax or (ii) amount derived by application of the Backup Special Tax.

#### **a. Assigned Special Tax**

The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone 1 are shown in Table 1. The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone 2 are shown in Table 2. The amounts of the Assigned Special Tax for Parcels of Developed Property in Zone 3 are shown in Table 3.

**TABLE 1**

Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 1

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 2,200 sq. ft.	\$650
B – Single Family Property	D/U	1,951 sq. ft. to 2,200 sq. ft.	\$622
C – Single Family Property	D/U	1,701 sq. ft. to 1,950 sq. ft.	\$573
D – Single Family Property	D/U	Less than or equal to 1,700 sq. ft.	\$544
E – Multifamily Residential Property	Acre	N/A	\$8,950
F – Non-Residential Property	Acre	N/A	\$8,950

**TABLE 2**

Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 2

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 3,100 sq. ft.	\$1,504
B – Single Family Property	D/U	2,801 sq. ft. to 3,100 sq. ft.	\$1,429
C – Single Family Property	D/U	2,501 sq. ft. to 2,800 sq. ft.	\$1,354
D – Single Family Property	D/U	2,201 sq. ft. to 2,500 sq. ft.	\$1,279
E – Single Family Property	D/U	1,901 sq. ft. to 2,220 sq. ft.	\$1,203
F – Single Family Property	D/U	Less than or equal to 1,900 sq. ft.	\$1,128
G – Multifamily Residential Property	Acre	N/A	\$10,787
H – Non-Residential Property	Acre	N/A	\$10,787

**TABLE 3**

**Assigned Special Tax Per Taxable Unit  
For Land Use Categories in Zone 3**

Land Use Category	Taxable Unit	Residential Floor Area	Assigned Special Tax Per Taxable Unit
A – Single Family Property	D/U	Greater than 3,200 sq. ft.	\$1,760
B – Single Family Property	D/U	2,901 sq. ft. to 3,200 sq. ft.	\$1,685
C – Single Family Property	D/U	2,601 sq. ft. to 2,900 sq. ft.	\$1,610
D – Single Family Property	D/U	2,301 sq. ft. to 2,600 sq. ft.	\$1,535
E – Single Family Property	D/U	2,001 sq. ft. to 2,300 sq. ft.	\$1,460
F – Single Family Property	D/U	Less than or equal to 2,000 sq. ft.	\$1,386
G – Multifamily Residential Property	Acre	N/A	\$8,384
H – Non-Residential Property	Acre	N/A	\$8,384

Zone 4

The amount of the Assigned Special Tax for Parcels of Developed Property in Zone 4 shall be \$32,124 per Acre. At the time a Final Map is recorded, the Assigned Special Tax for each Parcel of Developed Property classified as Single Family Property within Zone 4 shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Assigned Special Tax for Parcels of Developed Property (*i.e.*, \$32,124) and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property within such Final Map. In the event that the use of a Parcel of Developed Property in Zone 4 that is initially classified as Multifamily Residential Property or Non-Residential Property is changed such that the Parcel should be classified as Single Family Property, the Assigned Special Tax applicable to each such Parcel of Single Family Property shall be the amount determined by (i) multiplying the Acreage of all such Parcels of Multifamily Residential Property and/or Parcels of Non-Residential Property that are reclassified as Single Family Property by the Assigned Special Tax for Parcels of Multifamily Residential Property and/or Non-Residential Property, and (ii) dividing the product thus obtained by the number of Parcels of Single Family Property resulting from such reclassification; and the quotient thus obtained shall be the Assigned Special Tax for all such reclassified Parcels of Single Family Property within Zone 4.

b. Backup Special Tax

When a Final Map is recorded with respect to Parcels that are located in Zone 1, Zone 2, Zone 3, or Zone 4, the Backup Special Tax for each Parcel in such Final Map that will be classified as Single Family Property shall be determined by (i) multiplying the total Acreage of all such Parcels of Single Family Property by the Maximum Special Tax for Parcels of Undeveloped Property, and (ii) dividing the product thus obtained by the number of such Parcels of Single Family Property (*i.e.* the number of single family residential lots or condominium units) within such Final Map.

Notwithstanding the foregoing, if Parcels that are classified as Single Family Property are subsequently changed or modified by recordation of a lot line adjustment or similar

- map or document, then the Backup Special Tax for such Parcels shall be recalculated using the methodology described in the preceding paragraph.

The Backup Special Tax for Parcels of Multifamily Residential Property or Non-Residential Property shall be the same as the Maximum Special Tax for Parcels of Undeveloped Property.

## **2. Approved Property**

The Maximum Special Tax for each Parcel of Approved Property within Zone 1, Zone 2, Zone 3, or Zone 4 shall be the Backup Special Tax calculated pursuant to Section C.1.b.

## **3. Undeveloped Property**

The Maximum Special Tax for each Parcel of Undeveloped Property within Zone 1 shall be \$10,530 per Acre; the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 2 shall be \$12,692 per Acre; the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 3 shall be \$9,863 per acre; and the Maximum Special Tax for each Parcel of Undeveloped Property within Zone 4 shall be \$37,793 per acre.

## **4. Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property that is not Exempt Property pursuant to the provisions of Section E.**

The Maximum Special Tax for each Parcel of Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property in Zone 1, Zone 2, Zone 3, or Zone 4 that is not Exempt Property shall be the amount determined by multiplying the Acreage of each such Parcel by the Assigned Special Tax for Parcels of Undeveloped Property in Zone 1, Zone 2, Zone 3, or Zone 4, as applicable.

## **D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with the Fiscal Year in which the Administrator determines that the levy of the Special Tax shall commence, and for each following Fiscal Year, the Board shall levy the Special Tax on all Taxable Property until the amount of Special Taxes equals the Special Tax Requirement in accordance with the following steps:

First: 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 Maximum Special Tax as needed to satisfy the Special Tax Requirement;

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

**Fourth:** If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax as needed to satisfy the Special Tax Requirement; and

**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 Public Property, Open Space Property, Parking Property and/or Property Owners' Association Property, that is not Exempt Property, at up to 100% of the applicable 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 of Residential Property be increased as a consequence of delinquency or default by the owner or owners of any other Parcel or Parcels 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**

### **1. Zone 1**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 9.68 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 9.68 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 1 to less than 9.68 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

### **2. Zone 2**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 22.28 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 22.28 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 2 to less than 22.28 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

### **3. Zone 3**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 42.77 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 42.77 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 3 to less than 42.77 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

### **4. Zone 4**

The District shall classify Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and (except as provided in Government Code Sections 53317.3 and 53340.1) Public Property as Exempt Property, provided that no such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 2.54 Acres.

Notwithstanding the above, the District shall not classify a Parcel as Exempt Property if such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 2.54 Acres. Parcels of Open Space Property, Parking Property, Property Owners' Association Property, and Public Property, which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Parcels of Taxable Property within Zone 4 to less than 2.54 Acres will be subject to the levy of the Special Tax as provided for in the fifth step in Section D.

## **F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator 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 may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act if necessary to meet the financial obligations of the CFD.

## **G. APPEALS**

Any Parcel owner may file a written appeal of the Special Tax on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the processing of an appeal, all Special Taxes previously levied on the appellant's Parcel(s) must be paid on or before the statutory payment date. The written appeal must specify the reasons why the appellant claims the Special Tax levied on his/her Parcel(s) is in error. The Administrator shall review the appeal, meet with the appellant, if the Administrator deems it necessary, and advise the appellant of the Administrator's determination.

## H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

**“CFD Public Facilities Amount”** means \$7,606,601 expressed in 2008dollars, which shall increase by the Construction Inflation Index on July 1, 2009, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of the CFD, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds that will be secured by Special Taxes to be levied pursuant to this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities for the Improvement Area.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, published as of March 1 of the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities Amount minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds which will remain outstanding after September 2 of the calendar year that begins on January 1 of the current Fiscal Year, excluding bonds that will be redeemed at a later date with the proceeds of prior prepayments of Special Tax Obligations.

**“Special Tax Obligation”** means the total amount of Special Taxes that could be levied on a Parcel based on the Maximum Special Tax for the Parcel through the date of final maturity of the Outstanding Bonds.

### 1. **Prepayment in Full**

The Special Tax Obligation may only be prepaid and permanently satisfied for a Parcel of Developed Property, Approved Property, or Undeveloped Property for which a building permit has been issued, or a Parcel of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property that is not Exempt Property. The Special Tax Obligation for such a Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as provided herein; provided that prepayment of the Special Tax Obligation for a Parcel may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax Obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within ten (10) business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the prepayment. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for such

Parcel. Prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Prepayment Amount.

The Prepayment Amount (defined below) shall be determined as provided below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Developed Property and Approved Property, determine the Special Tax Obligation for the Parcel. For Parcels of Undeveloped Property, determine the Special Tax Obligation for such Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Parcel. For Parcels of Public Property, Open Space Property, Parking Property, or Property Owners' Association Property, determine the Special Tax Obligation for such Parcel.
3. Divide the Special Tax Obligation determined pursuant to paragraph 2 by the estimated total amount of the Maximum Special Taxes that could be levied on all Parcels of Taxable Property in the Improvement Area based on the applicable Maximum Special Tax amounts, or if build-out has occurred, the actual Maximum Special Tax that could be levied on all Parcels of Taxable Property, less the amount of the Maximum Special Tax for any Parcels for which the Special Tax Obligation has previously been prepaid.
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 and paid with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount determined pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the Future Facilities Costs.
7. Multiply the quotient obtained pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

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

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. The Board shall also cause a suitable notice to be recorded in compliance with the Act, to indicate that the Special Tax Obligation for the Parcel has been paid, that the release of the Special Tax lien on such Parcel has been cancelled, and that the obligation of such Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, the Special Tax Obligation for a Parcel may not be prepaid unless the amount of Maximum Special Taxes that may be levied on all Parcels of Taxable Property in the Improvement Area both prior to and after the proposed prepayment is and will be at least 1.1 times the maximum amount of principal and interest due with respect to the Outstanding Bonds in any Bond Year (as defined in the Indenture) plus the anticipated Administrative Expenses.

## **2. Prepayment in Part**

The Special Tax Obligation on a Parcel of Developed Property, a Parcel of Approved Property, or a Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid in an amount that will provide for the redemption of Outstanding Bonds in increments of \$5,000. The amount of the prepayment shall be determined as provided in Section H.1; except that a partial prepayment shall be determined according to the following formula ("Partial Prepayment"):

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

These terms have the following meaning:

PP = the Partial Prepayment

$P_E$  = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the Special Tax Obligation for the Parcel(s) will be partially prepaid.

A = the Administrative Fees and Expenses calculated according to Section H.1

The owner of a Parcel who desires to partially prepay the Special Tax Obligation for the Parcel shall notify the Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the amount of the reduction in the annual Special Tax levy on the Parcel that the owner desires to achieve, and (iii) the company or agency that will be acting as the escrow agent, if applicable, and within ten (10) business days of receipt of such notice, the Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in determining the amount of the Partial Prepayment. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Partial Prepayment amount for such Parcel. Partial prepayment of the Special Tax Obligation for a Parcel must be made not less than 60 days prior to the redemption date for the Outstanding Bonds that would be redeemed with the Partial Prepayment.

With respect to any Parcel for which the Special Tax Obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment according to Paragraph 15 of Section H.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment of the Special Tax Obligation for such Parcel, that a portion of the Special Tax Obligation equal to the percentage  $(1.00 - F)$  of the remaining Special Tax Obligation has not been prepaid, and that Special Taxes shall continue to be levied on such Parcel pursuant to Section D.

## **I. TERM OF THE SPECIAL TAX**

For each year that any Bonds are outstanding the Special Tax may be levied on all Parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse the CFD for uncollected Special Taxes associated with the levy of such Special Taxes, but not later than Fiscal Year 2045-46.

1 Legislative Body

Community Facilities Districts  
Riverside County Flood Control and Water Conservation District

2  
3 **RESOLUTION NO. F2007-30**

4 **RESOLUTION OF THE BOARD OF SUPERVISORS OF**  
5 **RIVERSIDE COUNTY FLOOD CONTROL AND WATER**  
6 **CONSERVATION DISTRICT DECLARING NECESSITY**  
7 **FOR PROPOSED COMMUNITY FACILITIES DISTRICT**  
8 **NO. 05-01 (HOMELAND/ROMOLAND) OF RIVERSIDE**  
9 **COUNTY FLOOD CONTROL AND WATER**  
10 **CONSERVATION DISTRICT TO INCUR BONDED**  
11 **INDEBTEDNESS AND DESIGNATING IMPROVEMENT**  
12 **AREAS NOS. 1, 2, AND 3 OF SAID PROPOSED DISTRICT**

13 **WHEREAS,** Riverside County Flood Control and Water Conservation District  
14 (the "District") has entered into an agreement with Homeland/Romoland ADP, Inc., a Delaware  
15 corporation (the "Corporation") entitled "Infrastructure Funding, Acquisition and Reimbursement  
16 Agreement," dated as of May 23, 2006 (the "Funding and Acquisition Agreement") that provides  
17 for, among other matters, the Board of Supervisors of the District (the "Board of Supervisors")  
18 conducting proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of  
19 Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos  
20 Community Facilities Act of 1982," for the formation of a community facilities district for the  
21 purposes of designing, constructing, acquiring, and financing, through the sale of bonds, the  
22 design, construction, and acquisition of certain flood control and storm water drainage facilities in  
23 the Line A Watershed of the Homeland/Romoland Area Drainage Plan (the "Watershed"), as  
24 described in Exhibit "B" to the Funding and Acquisition Agreement (the "Flood Control  
25 Facilities"), certain road and bridge facilities of the County of Riverside (the "County"), and  
26 certain road and bridge facilities of the City of Perris (the "City"); and

27 **WHEREAS,** the Corporation was incorporated by the owners and developers of  
28 certain property in the area of the Watershed, who are identified in the Funding and Acquisition  
Agreement, for the purpose of accomplishing the construction of the Flood Control Facilities (the  
"Developers"); and

1           **WHEREAS**, the Developers have proposed (i) that the proposed community  
2 facilities district be authorized to issue bonds and incur a bonded indebtedness for the purpose of  
3 financing the design, construction, and acquisition of the Flood Control Facilities and the road  
4 and bridge facilities of the County (the "County Facilities") and the City (the "City Facilities") in  
5 the aggregate principal amount of \$100,000,000; and

6           **WHEREAS**, the Developers have proposed that the District enter into joint  
7 community facilities agreements with the County and the City, pursuant to Sections 53316.2,  
8 53316.4 and 53316.6 of the California Government Code, which will provide for the financing of  
9 the County Facilities, and the City Facilities with the proceeds of the sale of the bonds of the  
10 proposed community facilities district; and

11           **WHEREAS**, pursuant to Section 53316.2 of the California Government Code,  
12 such a joint community facilities agreement must be approved by adoption by the Board of  
13 Supervisors and the Board of Supervisors of the County and the City Council of the City of  
14 resolutions declaring that such agreements will be beneficial to the residents of the District, the  
15 County, and the City, respectively; and

16           **WHEREAS**, the Board of Supervisors has determined that it will be in the public  
17 interest and beneficial to the future residents of the proposed community facilities district that it  
18 be authorized to incur bonded indebtedness to finance the Flood Control Facilities, the County  
19 Facilities, and the City Facilities; and

20           **WHEREAS**, the Developers have requested that in establishing the proposed  
21 community facilities district, the Board of Supervisors designate separate improvement areas over  
22 portions of the property to be included therein so that the bonds of the proposed community  
23 facilities district may be issued to finance specific public facilities for each such improvement  
24 area; and

25           **WHEREAS**, pursuant to Section 53350 of the California Government Code, the  
26 Board of Supervisors may, by resolution, designate a portion or portions of a community facilities  
27 district as one or more improvement areas for the financing of, or contributing to the financing of,  
28 specified public facilities and that will be subject to the levy and payment of special taxes to pay

1 the principal of and interest on the bonds of the community facilities district that may be issued  
2 and sold to finance the design, construction and acquisition of such public facilities; and

3           **WHEREAS**, upon the designation of such an improvement area, all proceedings  
4 for purposes of a bond election and for the purpose of levying special taxes for payment of the  
5 bonds shall apply only to the improvement area; and

6           **WHEREAS**, pursuant to Section 53321 of the California Government Code, on  
7 the date of the adoption of this resolution the Board of Supervisors adopted a resolution declaring  
8 its intention to establish proposed Community Facilities District No. 05-01  
9 (Homeland/Romoland) of Riverside County Flood Control and Water Conservation District,  
10 County of Riverside, State of California, for the purposes of financing the design, construction,  
11 and acquisition of the Flood Control Facilities, the County Facilities, and the City Facilities (the  
12 "Resolution of Intention"); and

13           **WHEREAS**, in the Resolution of Intention the Board of Supervisors has, pursuant  
14 to Section 53350 of the California Government Code, declared its intention to designate portions  
15 of the proposed community facilities district as improvement areas, and the effect of such a  
16 designation will be that all proceedings for purposes of a bond election and for the purpose of  
17 levying special taxes on taxable property within each improvement area for the payment of the  
18 principal of and interest on the portion of the aggregate principal amount of the bonds of the  
19 proposed community facilities district that may be issued and sold to finance the Flood Control  
20 Facilities, the County Facilities, and the City Facilities for each improvement area shall apply  
21 only to the improvement area; and

22           **WHEREAS**, it is therefore necessary for the proposed community facilities  
23 district to incur a bonded indebtedness for the purpose of providing and financing the Flood  
24 Control Facilities, the County Facilities, and the City Facilities for the specific portions of the  
25 property within the boundaries of the proposed community facilities district that will be  
26 designated as such improvement areas;

1                   **NOW, THEREFORE, BE IT RESOLVED, FOUND AND ORDERED BY**  
2 **THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY FLOOD CONTROL AND**  
3 **WATER CONSERVATION DISTRICT AS FOLLOWS:**

4                   **Section 1.     Bonded Indebtedness.** The Board of Supervisors declares that it is  
5 necessary that a bonded indebtedness be incurred by and for proposed Community Facilities  
6 District No. 05-01 (Homeland/Romoland) of Riverside County Flood Control and Water  
7 Conservation District, County of Riverside, State of California, in an aggregate principal amount  
8 not to exceed \$100,000,000 for the purpose of financing the design, construction, and acquisition  
9 of the Flood Control Facilities, the County Facilities, and the City Facilities, as described in the  
10 Resolution of Intention.

11                   **Section 2.     Costs Included.** The amount of the proposed bonded indebtedness  
12 shall include all costs and estimated costs incidental to, or connected with, the accomplishment of  
13 the purposes for which the proposed bonded indebtedness is to be incurred, including, but not  
14 limited to, the estimated costs of construction and acquisition of the Flood Control Facilities, the  
15 County Facilities, and the City Facilities, acquisition of land and rights-of-way, satisfaction of  
16 contractual obligations relating to expenses or the advancement of funds for expenses existing at  
17 the time the bonds are issued, architectural, engineering, inspection, legal, fiscal and financial  
18 consultant fees, bond and other reserve funds and interest on any bonds of the proposed  
19 community facilities district due and payable within two years of issuance of the bonds, election  
20 costs, and all costs of issuance of the bonds, including, but not limited to underwriter's discount,  
21 fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters  
22 of credit, and other credit enhancement costs, and printing costs.

23                   **Section 3.     Payment of Bonded Indebtedness.** Pursuant to Section 8 of the  
24 Resolution of Intention and Section 53350 of the California Government Code, parcels of taxable  
25 property within the portions of the territory within the proposed community facilities district that  
26 are to be designated as Improvement Area No. 1, Improvement Area No. 2, and Improvement  
27 Area No. 3 (the "Improvement Areas") shall be subject to the levy of special taxes to pay the  
28 principal of and interest on the aggregate principal amount of the bonds of the proposed

1 community facilities district that may be issued and sold to finance the Flood Control Facilities,  
2 the County Facilities, and the City Facilities for each such Improvement Area. The portions of the  
3 proposed \$100,000,000 bonded indebtedness that are allocated by Section 8 of the Resolution of  
4 Intention to the financing of the Flood Control Facilities, the County Facilities, and the City  
5 Facilities that will be of benefit to parcels of taxable property within each Improvement Area are  
6 as follows:

7	Improvement Area No. 1	\$47,000,000
8	Improvement Area No. 2	\$39,000,000
9	Improvement Area No. 3	\$14,000,000

10 The boundaries of the Improvement Areas are shown on the map of the boundaries  
11 of the proposed community facilities district that is on file with the Clerk of the Board of  
12 Supervisors.

13 Pursuant to Section 53350 of the California Government Code, all proceedings for  
14 purposes of a bond election with respect to the portion of the bonded indebtedness allocated  
15 above to each Improvement Area and for the purpose of levying special taxes for the payment of  
16 the principal of and interest on the bonds that may be issued and sold to represent such bonded  
17 indebtedness and to finance the design, construction, and acquisition of the Flood Control  
18 Facilities, the County Facilities, and the City Facilities for each Improvement Area shall apply  
19 only to the Improvement Area.

20 **Section 4. Hearing.** A public hearing on the proposed bonded indebtedness  
21 for said proposed community facilities district shall be held at 1:30 p.m. on January 29, 2008, in  
22 the meeting room of the Board of Supervisors at 4080 Lemon Street, Riverside, California. Said  
23 hearing shall be conducted concurrently with the hearing on the formation of the proposed  
24 community facilities district.

25 **Section 5. Notice.** The Clerk of the Board of Supervisors shall publish a  
26 notice of the time and place of said hearing pursuant to Section 53346 of the California  
27 Government Code, and shall also give notice of the time and place of said hearing by first-class  
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1 mail to each registered voter and to each landowner within the proposed community facilities  
2 district.

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FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER DATE \_\_\_\_\_

1 **CLERK'S CERTIFICATE**

2 I, \_\_\_\_\_, Deputy Clerk of the Board of Supervisors of Riverside  
3 County Flood Control and Water Conservation District, certify that the preceding resolution is a  
4 full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of  
5 Supervisors duly and regularly and legally held at the regular meeting place thereof on December  
6 18, 2007, of which all of the members of the Board of Supervisors had appropriate notice, and at  
7 which a quorum was at all times present.

8 I have compared the preceding resolution with the original minutes of said meeting on file  
9 and of record in the office of the Clerk to the Board of Supervisors and the preceding resolution is  
10 a full, true and correct copy of the original resolution adopted at said meeting and entered in said  
11 minutes.

12 Said resolution has not been amended, modified or rescinded since the date of its  
13 adoption, and it is now in full force and effect.

14 Dated: \_\_\_\_\_, 200\_

15 \_\_\_\_\_  
16 Deputy Clerk of the Board of Supervisors

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