

**SUBMITTAL TO THE BOARD OF SUPERVISORS,
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
February 26, 2008

SUBJECT: Resolution No. CFD 2008-02 Authorizing the Annexation of Certain Territory and Calling a Special Election for Community Facilities District No. 05-8 of the County of Riverside.

RECOMMENDED MOTION: That the Board acting ex officio as the legislative body of Community Facilities District No. 05-8 of the County of Riverside approve and adopt Resolution No. CFD 2008-02; (a) authorizing the annexation of certain territory and calling a special election to submit to the respective qualified electors the question of annexation to Community Facilities District No. 05-8; (b) authorizing the levy of a special tax on the property proposed to be annexed into Community Facilities District No. 05-8; and (c) designating the election official for such matters.

BACKGROUND: In April 2006, the Board of Supervisors formed Community Facilities District No. 05-8 of the County of Riverside (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act"). Based on Resolution Nos. 2006-092 and CFD 2006-02 and an election, the District was authorized to issue up to \$100,000,000 in aggregate principal amount of bonds pursuant to the Act. The formation also included provisions that allow the future annexation of additional territory into the District at the request of a landowner.

On December 20, 2007, Fairfield Holland Road LLC, a Delaware limited liability company, being the sole owner of the subject property, filed a Petition (including Consent and Waiver) with the Clerk of the Legislative Body requesting that their property be annexed into the District.

Continued on next page

Jerry Norris, Principal Management Analyst

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 2/17/08
DATE

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

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

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

BY:
Dean Deines

County Executive Office Signature

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

2 **RESOLUTION NO. CFD 2008-02**

3 **RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY**
4 **FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE**
5 **COUNTY OF RIVERSIDE, AUTHORIZING ANNEXATION OF**
6 **CERTAIN TERRITORY AND CALLING A SPECIAL ELECTION**
7 **TO SUBMIT TO THE RESPECTIVE QUALIFIED ELECTORS THE**
8 **QUESTION OF ANNEXATION TO THE COMMUNITY**
9 **FACILITIES DISTRICT AND AUTHORIZATION OF THE LEVY**
10 **OF SUCH SPECIAL TAX ON PROPERTY PROPOSED TO BE**
11 **ANNEXED TO SAID COMMUNITY FACILITIES DISTRICT NO.**
12 **05-8 AND DESIGNATING THE ELECTION OFFICIAL FOR SUCH**
13 **MATTERS**

14 **WHEREAS**, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside
15 (the "County") under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities
16 Act of 1982" (the "Act"), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the
17 State of California (the "Code"), on February 28, 2006, duly adopted Resolution No. 2006-072 declaring
18 its intention "(i) to establish Community Facilities District No. 05-8 (Scott Road) of the County of
19 Riverside ("CFD No. 05-8"), (ii) to provide for future annexation from time to time of property to the
20 Community Facilities District and (iii) to levy a special tax to pay the costs of acquiring or constructing
21 certain facilities and to pay debt service on bonded indebtedness," and calling a public hearing on the
22 question of the establishment of such CFD No. 05-8; and

23 **WHEREAS**, the Clerk of the Board of Supervisors caused recordation on March 8, 2006 of both
24 the Boundary Map for CFD No. 05-8 in Book 65 pages 100-110 of Maps of Assessment and Community
25 Facilities Districts as Instrument No. 2006-0167553 and the map that established the Boundaries –
26 Potential Annexation Area for CFD No. 05-8 in Book 65, Page 99 of Maps of Assessment and
27 Community Facilities Districts as Instrument No. 2006-0167552 (the "Boundary Map for Annexation") in
28 the Office of the County Recorder for the County of Riverside; and

WHEREAS, pursuant to Resolution No. 2006-072, a public hearing scheduled for April 4, 2006,
was held by the Board of Supervisors on April 4, 2006, at 9:30 a.m., or as soon thereafter as the matter
could be heard, at the regular meeting place of the Board of Supervisors, County Administrative Center,
4080 Lemon Street, 1st Floor, Riverside, California 92501-3651, at which hearing the Board of

1 Supervisors considered the establishment of CFD No. 05-8, the type and extent of the proposed public
2 facilities (the "Facilities"), the proposed rate and method of apportionment of special tax for CFD No. 05-
3 8 as set forth in Exhibit D of Resolution No. 2006-072 (the "Rate and Method" and the "Special Tax,"
4 respectively), the proposed levy of the Special Tax within CFD No. 05-8, the necessity to incur bonded
5 indebtedness, the future annexation of territory to CFD No. 05-8, the proposed appropriations limit for
6 CFD No. 05-8, and all other matters as set forth in Resolution No. 2006-072, and at the above-mentioned
7 time and place for such public hearing, any persons interested, including all taxpayers, property owners
8 and registered voters within CFD No. 05-8 were given an opportunity to appear and be heard, and the
9 testimony of all interested persons or taxpayers for or against the establishment of CFD No. 05-8, the
10 acquisition, installation or construction of Facilities, the boundaries of CFD No. 05-8, the future
11 annexation of territory to CFD No. 05-8, the levy of the Special Tax within CFD No. 05-8, the levy of the
12 Special Tax on a parcel within the annexation territory that elects to annex to CFD 05-8 in the future, the
13 necessity to incur bonded indebtedness, the proposed appropriations limit or any other matters set forth in
14 said Resolution were heard; and

15 **WHEREAS**, said public hearing was conducted as announced on April 4, 2006, at which time all
16 of the foregoing matters were considered and the Board of Supervisors at the conclusion of said hearing
17 was fully advised in the premises, and was authorized to proceed as hereinafter provided; and

18 **WHEREAS**, after the close of the public hearing, the Board of Supervisors adopted Resolution
19 No. 2006-092 that (i) established CFD No. 05-8 and (ii) called a consolidated special election held on
20 April 18, 2006 (the "Consolidated Special Election"), and the Board of Supervisors, acting ex-officio as
21 the Legislative Body of CFD No. 05-8 (the "Legislative Body") adopted Resolution No. CFD 2006-02
22 that (i) determined the need for CFD No. 05-8 to incur bonded indebtedness and (ii) called for the
23 Consolidated Special Election to submit to the qualified electors of CFD No. 05-8 three propositions that
24 (i) provided for CFD No. 05-8 to incur bonded indebtedness in an aggregate principal amount not to
25 exceed \$100,000,000 to be secured by special taxes to be levied on parcels of taxable property within
26 CFD No. 05-8, including properties which annex to CFD No. 05-8 at a future date, (ii) authorized CFD
27 No. 05-8 to levy the Special Tax in accordance with the Rate and Method to pay for the acquisition,
28 installation and construction of the Facilities and incidental expenses, and (iii) established an

1 appropriations limit for CFD No. 05-8 of \$16,000,000 per fiscal year and both Resolutions designated the
2 Registrar of Voters of the County of Riverside to serve as the election official for the Consolidated
3 Special Election (the "Election Official"); and

4 **WHEREAS**, the Board of Supervisors determined, based on a certificate from the Office of the
5 Registrar of Voters of the County, that there were less than twelve registered voters residing in CFD
6 No. 05-8 during the ninety days preceding the public hearing and that the qualified electors in CFD
7 No. 05-8 were the owners of land within CFD No. 05-8; and

8 **WHEREAS**, the Board of Supervisors received a "Petition (including Consent and Waiver)" or a
9 "Consent and Waiver" of each of the owners of land within CFD No. 05-8 as of the date of the public
10 hearing waiving certain election requirements; and

11 **WHEREAS**, the Election Official declared the Consolidated Special Election was closed at
12 5:00 p.m. on April 18, 2006, and the three propositions submitted to the qualified electors were approved
13 by more than two-thirds of the votes cast and the Legislative Body adopted Resolution No. CFD 2006-03
14 certifying the election results and directing the recordation of a notice of special tax lien as required by
15 the Act; and

16 **WHEREAS**, a "Notice of Special Tax Lien for Community Facilities District No. 05-8 (Scott
17 Road) of the County of Riverside" was recorded on May 4, 2006 with the Office of the County Recorder
18 for the County of Riverside as Instrument No. 2006-0323346; and,

19 **WHEREAS**, the Board of Supervisors adopted Riverside County Ordinance No. 852 authorizing
20 the levy of a special tax within CFD No. 05-8; and

21 **WHEREAS**, there has been filed with the Clerk of the Legislative Body a Petition (including
22 Consent and Waiver), dated December 20, 2007, from Fairfield Holland Road LLC, a Delaware limited
23 liability company (formerly Fairfield Holland Road L.P., a Delaware limited partnership) (the
24 "Landowner") being the sole owner of the property described in Exhibit A, which is attached hereto and
25 by this referenced incorporated herein (the "Property"), consenting to the annexation of the Property to
26 CFD No. 05-8 pursuant to the provisions of Section 53339.3(b) of the Code, requesting that a special
27 election be held authorizing the levy of the Special Tax on the Property consistent with the Rate and
28 Method, without any adjustment being made to the terms of said Rate and Method, which is attached

1 hereto as Exhibit B, to pay for the acquisition, construction, and installation of the Facilities and
2 incidental expenses, as described in Exhibit C which is attached hereto, and waiving all requirements as
3 to time and conduct of said special election and requesting that the special election be conducted at the
4 earliest possible date; and

5 **WHEREAS**, the Property is located within the boundaries established by the Boundary Map for
6 Annexation; and,

7 **WHEREAS**, the Legislative Body is fully advised in the premises;

8 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND**
9 **ORDERED** by the Legislative Body of Community Facilities District No. 05-8 (Scott Road) of the
10 County of Riverside in regular session assembled on February 26, 2008 as follows:

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

12 **Section 2.** The Legislative Body finds and determines that all prior proceedings taken by the
13 Board of Supervisors and the Legislative Body with respect to the formation of CFD No. 05-8 and the
14 establishment of the boundaries of the territory from which property could be annexed to CFD No. 05-8,
15 are valid and in conformity with the requirements of the Act.

16 **Section 3.** The Petition of the Landowner is hereby accepted and the Legislative Body hereby
17 determines that the public convenience and necessity require that all of said Property referenced in said
18 Petition be annexed to CFD No. 05-8.

19 **Section 4.** A general description of the Facilities which the Legislative Body is authorized by law
20 to acquire, install or construct is set forth in Exhibit C to this Resolution. The Legislative Body has
21 previously found and determined that such Facilities shall constitute the authorized Facilities for CFD
22 No. 05-8. Costs previously authorized hereby include all costs associated with the Facilities, the
23 establishment of CFD No. 05-8, the issuance of bonds, the determination of the amount of any Special
24 Taxes to be levied, the cost of collecting any Special Taxes, and costs otherwise incurred in order to carry
25 out the authorized purposes of CFD No. 05-8.

26 **Section 5.** Except where funds are otherwise available, a Special Tax sufficient to pay for all
27 Facilities, including paying directly or indirectly for the acquisition, installation and construction of
28 Facilities, for interest on and principal of bonds proposed to be issued to finance the Facilities, for funds

1 advanced to or on behalf of CFD No. 05-8, for annual administration expenses of the County and CFD
2 No. 05-8 in determining, authorizing, apportioning, levying, collecting and administering such Special
3 Taxes, and for creating or replenishing any necessary reserve funds, secured by recordation of a
4 continuing lien against all non-exempt real property in CFD No. 05-8, will be levied annually on non-
5 exempt properties within CFD No. 05-8. As provided in Resolution Nos. 2006-072 and 2006-092,
6 expenditures with respect to the formation of CFD No. 05-8 were paid from the proceeds received
7 through the deposit agreement or development agreement referenced in said Resolutions and expenditures
8 for the design and engineering of the Interchange at Interstate 215 and Scott Road were paid from the
9 proceeds received through such deposit agreement or development agreement, and amounts payable
10 under said agreements shall be payable from the proceeds of bonds issued by CFD No. 05-8 or the
11 proceeds of the Special Tax. For particulars as to the Rate and Method and the manner of collection of
12 the Special Tax for CFD No. 05-8, reference is made to Exhibit B to this Resolution which sets forth the
13 Rate and Method and the manner of collection of such Special Tax in sufficient detail to allow the
14 Landowner or resident of a parcel that is proposed to be annexed to CFD No. 05-8 to estimate the
15 maximum amount that such person will have to pay. The Special Tax will be collected in the same
16 manner and at the same time as *ad valorem* property taxes and subject to the same penalties and
17 provisions on delinquency, however the Special Tax may be billed and collected at a different time or in a
18 different manner if necessary for CFD No. 05-8 to meet its financial obligations and if so billed and
19 collected, a delinquent penalty of 10% of the Special Tax will attach at 5:00 p.m. on the date the Special
20 Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after
21 the delinquency date and the first of each month thereafter until redeemed. The Rate and Method
22 specifies conditions under which the obligation to pay the Special Tax may be prepaid and permanently
23 satisfied.

24 With respect to any parcels zoned or used for residential use within CFD No. 05-8, the maximum
25 Special Tax applicable to such parcel to be used for private residential purposes, as set forth in Exhibit B
26 is specified as a dollar amount which shall be calculated and established not later than the date on which
27 the parcel is first subject to tax because of its use for residential purposes, and such amount shall not be
28 increased over time by an amount in excess of 2 percent per year. Under no circumstances will the

1 Special Tax levied against any residential parcel be increased as a consequence of delinquency or default
2 by the owner of any other parcel or parcels within CFD No. 05-8 by more than 10 percent. The tax year
3 after which no further Special Tax shall be levied against any parcel is Fiscal Year 2049-2050 or the final
4 maturity of any bonds, whichever is sooner. As specified by the Act, for purposes of this paragraph, a
5 parcel shall be considered "used for private residential purposes" not later than the date on which an
6 occupancy permit for private residential use is issued.

7 **Section 6.** The Legislative Body hereby declares that the question of the annexation of the
8 Property to CFD No. 05-8 and of levying a Special Tax on the Property proposed to be annexed to CFD
9 No. 05-8 pursuant to the terms of the Rate and Method, without any adjustment to its terms, to pay for the
10 acquisition, installation and construction of the Facilities, and the incidental expenses as described in
11 Exhibit C to this Resolution and for the payment of the principal of and interest on bonds or refunding
12 bonds issued by CFD No. 05-8 to finance said Facilities, shall be submitted to the Landowner in a special
13 election in accordance with and subject to the Act and the waivers of the Landowner, all the terms of
14 which shall be applicable to such election.

15 It is the intent of the Legislative Body that as a result of the annexation of the Property, that the
16 current authorization of CFD No. 05-8 to incur bonded indebtedness in the amount of \$100,000,000 will
17 not be increased and that the annual appropriations limit for CFD No. 05-8 will not be increased.

18 **Section 7.** It is hereby further determined that there is no *ad valorem* property tax currently being
19 levied on the Property for the exclusive purpose of paying the principal of or interest on bonds or other
20 indebtedness incurred to finance the acquisition, installation or construction of capital facilities which
21 provide the same services to the territory of CFD No. 05-8 as are proposed to be provided by the
22 Facilities to be financed by CFD No. 05-8.

23 **Section 8.** The office which is responsible for preparing annually a current roll of Special Tax
24 levy obligations by assessor's parcel number and which will be responsible for estimating future Special
25 Tax levies pursuant to Section 53340.2 of the Code is the County Executive Office, County
26 Administrative Center, 4080 Lemon Street, 4th Floor, Riverside, California 92501-3651. The County
27 Executive Officer, or his/her designee, serves as the administrator (the "Administrator") of CFD
28 No. 05-8.

1 **Section 9.** The Registrar of Voters has determined, or caused to be determined, that there were
2 fewer than 12 registered voters within the Property for the 90-day period specified in the certification of
3 the Registrar of Voters, and the provisions of Resolution No. 2006-092 and Section 53339.3(b) of the
4 Code provide that the annexation may occur only with the unanimous approval of the owner or owners of
5 each parcel or parcels at the time that parcel or those parcels are annexed, the election shall be by the
6 unanimous consent of the owners of the land proposed for annexation, the proposition regarding the levy
7 of the Special Tax shall be submitted to the Landowner as the qualified elector, with each acre or portion
8 thereof within its ownership representing one (1) vote, as provided in Section 53326 and Section 53351 of
9 the Code. The requirements of Section 53326 of the Code pertaining to the timing of the special election
10 and the requirement for notice have been waived by the Landowner. Upon the concurrence with the
11 election date specified by the Election Official, as specified in Section 11 below, a special election shall
12 be and is hereby called and ordered to be held on March 4, 2008, 5:00 p.m. or as soon thereafter as the
13 special election can be scheduled, at which special election there shall be submitted to the Landowner, the
14 ballot proposition authorizing the levy of a Special Tax consistent with the terms of the Rate and Method
15 on the Property to be annexed, which shall read as set forth in Exhibit D hereto, with appropriate changes
16 to implement this Resolution. The ballot for the special election of the Property to be annexed shall be
17 distributed by first class mail or personal delivery to the Landowner. Pursuant to Section 53326(b) of the
18 Code, with respect to the election by landowners, the Legislative Body has previously determined that the
19 Facilities to be financed by CFD No. 05-8 are necessary to meet increased demands placed upon local
20 agencies as a result of development within CFD No. 05-8.

21 **Section 10.** If the proposition for the levying of such Special Tax receives the unanimous
22 approval of the votes cast on the proposition, the Property shall be annexed to CFD No. 05-8 and the
23 Legislative Body may levy the Special Tax on the Property to be annexed.

24 **Section 11.** The Clerk of the Board of Supervisors of the County of Riverside, or such officer or
25 employee as the Clerk shall designate to serve as the election official (the "Election Official"), is
26 designated as the election official for the purposes of conducting the special election and is hereby
27 requested to take all steps necessary to hold the election in accordance with the Act, the Petition and the
28 specifications set forth in this resolution.

1 **Section 12.** The Election Official is authorized to canvass the returns of the election, and the
2 Legislative Body is thereafter authorized to certify the results of the election.

3 (a) Said special election shall be held and conducted, and the votes canvassed and the returns
4 made, and the results thereof ascertained and determined, as herein provided; *provided, however,* that
5 such specification may be waived by the landowners if such waiver is concurred with by the Election
6 Official.

7 (b) The requirements of Sections 53326, 55327 and 53339.7 of the Code have been waived by
8 the Landowners; the ballots for the special election shall be distributed by first class mail or personal
9 delivery to the Landowner. The Landowner shall have one vote for each acre or portion thereof that he,
10 she or it owns within the Property to be annexed, which number of votes to be voted shall be specified on
11 the ballot provided to the Landowner, as provided in Section 53326 of the Code.

12 (c) On the ballots to be used at said special election, in addition to all other matters required
13 by law to be printed thereon, shall appear the proposition described in Section 9 hereof, for the Property
14 to be annexed. Each voter to vote for said proposition for annexation of the Property and for levying said
15 Special Tax on the Property shall mark the ballot card in the space opposite the word "YES" or to vote
16 against said proposition, against annexation and against levying said Special Tax on the Property shall
17 mark the ballot card in the space opposite the word "NO."

18 (d) The ballots to be used at the special election must be received by the Election Official, at
19 the offices of the Election Official not later than 5 p.m. on the date of the election at which time the
20 election shall be closed and the election shall be closed on any earlier date or time if all the qualified
21 voters have voted. The offices of the Clerk of the Board of Supervisors of the County of Riverside are
22 located at 4080 Lemon Street, 1st Floor, Riverside, California 92501-3651. If another officer or employee
23 serves as the Election Official, the address for delivery of the ballots shall be specified in the election
24 materials.

25 (e) The Election Official shall commence the canvass of the returns of each special election
26 upon closing of the election and at the conclusion thereof shall determine the results of the special
27 election and shall certify said results to the Legislative Body.

28 (f) The Legislative Body shall declare the results of said special election as soon as

1 practicable and not later than the next regular meeting following the date of the election, and shall cause
2 to be placed in its minutes a statement of the results of said special election as ascertained by said
3 canvass.

4 (g) The Legislative Body agrees to reimburse the Election Official for services provided in
5 connection with the election from amounts paid by the Landowner or other lawfully available funds.

6 **Section 13.** If all of the votes cast within Property to be annexed upon the question of annexation
7 and levying such Special Tax are cast in favor of annexation and levying that tax, as determined by the
8 Legislative Body after the canvass of the returns of such election, the Property shall be annexed to CFD
9 No. 05-8 and the Legislative Body may levy such Special Taxes on the Property. Such Special Tax may
10 be levied only at the respective rate and may be apportioned only in the manner specified in this
11 Resolution, subject to the Act, except that such Special Tax may be levied at a rate lower than that
12 specified herein. Such Special Tax may be levied only so long as it is needed to pay for the principal of
13 and interest on the bonded indebtedness, together with administrative expenses and other expenses of
14 CFD No. 05-8 or for the Facilities.

15 The Administrator is authorized to prepare or cause to be prepared an annexation map (the
16 "Annexation Map") with respect to the Property. Upon approval of the Proposition and certification of
17 the results of the election by the Legislative Body, the Clerk of the Legislative Body is hereby authorized
18 and directed to endorse the Certificate on said Annexation Map, evidencing the date and adoption of the
19 Resolution declaring the results of the election, and is further authorized and directed to file said
20 Annexation Map with the Office of the Recorder of the County in accordance with the provisions of
21 Sections 3110.5, 3113 and, at the discretion of the Clerk, 3113.5 of the California Streets and Highways
22 Code within 10 days of the date of this Resolution.

23 Pursuant to Section 53339.8 of the Code, the Legislative Body authorizes the Administrator
24 of CFD No. 05-8 to prepare, or cause to be prepared a notice of annexation pursuant to Section 3117.5 of
25 the Streets and Highways Code of the State of California to impose a lien for the Special Tax on non-
26 exempt real property within the Property annexed. Upon the approval of the Proposition and certification
27 of the results of the election by the Legislative Body, the Clerk of the Legislative Body shall be
28 authorized to cause to be recorded such notice of annexation as an amendment to the Notice of Special

1 Tax Lien pursuant to Section 3117.5 of the California Streets and Highways Code, which notice will
2 establish a continuing lien to secure the levy of the Special Tax within the Property annexed, and shall
3 attach to all non-exempt real property in the annexed Property. The lien shall continue in force and effect
4 until the Special Tax obligation is paid and permanently satisfied and the lien canceled in accordance with
5 law or until collection of the Special Tax by CFD No. 05-8 ceases in accordance with the Rate
6 and Method.

7 **Section 14.** Proceeds of the Special Tax shall be applied only to the specific purposes authorized
8 with respect to CFD No. 05-8. The proceeds shall be deposited in an account in accordance with the
9 indenture of trust or fiscal agent agreement relating to bonds issued with respect to CFD No. 05-8. The
10 County Executive Officer, or his designee, shall prepare, or cause to be prepared, an annual report to be
11 filed with the Legislative Body on or before January 1st of each year indicating the amount of funds
12 collected and expended and the status of any project required or authorized to be funded.

13 **Section 15.** The Clerk of the Legislative Body is to provide a certified copy of this Resolution to
14 the Clerk of the Board of Supervisors within three business days following its adoption.

15 **Section 16.** The officers of the Legislative Body and their authorized representatives are, and
16 each of them acting alone is, hereby authorized to execute any and all documents and agreements and do
17 and perform any and all acts and things, from time to time, consistent with this Resolution and necessary
18 or appropriate to carry the same into effect and to carry out its purpose.

19 **Section 17.** This Resolution shall take effect immediately upon its adoption.

20 **PASSED, APPROVED AND ADOPTED** this 26th day of February, 2008.

21

22 By: _____
23 Roy Wilson, Chairman of the Legislative Body of
24 Community Facilities District No. 05-8 (Scott Road) of
25 the County of Riverside

24 **ATTEST:**
25 Nancy Romero, Clerk of the Legislative Body of
26 Community Facilities District No. 05-8 (Scott Road)
27 of the County of Riverside

27 By: _____
28 Deputy Clerk

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER DATE: 2/19/08

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

3 I, Nancy Romero, Clerk of the Legislative Body of Community Facilities District No. 05-8 (Scott
4 Road) of the County of Riverside, do hereby certify that the foregoing Resolution was introduced and
5 adopted at a regular meeting of the Legislative Body held on the ____ day of _____, 2008, by the
6 following vote:

6 AYES:

7 NOES:

8 ABSENT:

9 ABSTAIN:

10 IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2008.

11
12 NANCY ROMERO, Clerk of the Legislative Body of
13 Community Facilities District No. 05-8 (Scott Road)
14 of the County of Riverside

15 By: _____
16 Deputy

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EXHIBIT B

**The Rate and Method of Apportionment of
Special Taxes for Community Facilities District No. 05-8
(Scott Road) of the County of Riverside**

[See Attached 24 Pages]

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

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

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

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

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

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

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

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

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

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

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

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

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

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

“CFD Boundary Map” means the map recorded at CFD formation and annexation maps reflecting Annexed Property, Exhibit A.

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

“County” means the County of Riverside.

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

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

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

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

as a condition of development bringing into conformance said facility with the TUMF Program, as amended from time to time.

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

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

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

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

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

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

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

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

“Multifamily Residential Unit” has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Multifamily Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

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

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

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

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

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

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

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

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

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

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

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

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

“**Single Family Residential Unit**” has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Single Family Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

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

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

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

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

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

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

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

“TUMF” means the fee authorized pursuant to the TUMF Ordinance.

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

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

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

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

B. ASSIGNMENT TO LAND USE CATEGORIES

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

Property or Multifamily Property.

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

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

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

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

Maximum Special Tax

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

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

2. Approved Property

a. Assigned Special Tax

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

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

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

b. Maximum Special Tax

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

Backup Special Tax

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

Year shall increase by an amount equal to 2.00% of the Backup Special Tax in effect the prior Fiscal Year.

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

3. Developed Property

a. Assigned Special Tax

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

the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcel as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property.

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

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

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

b. Maximum Special Tax

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

Backup Special Tax

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

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

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

4. Multiple Land Use Property

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

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

TABLE 1
Special Taxes
For Fiscal Year 2005-2006

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

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

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

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

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

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

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

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

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

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

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

E. EXEMPTIONS

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

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

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

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

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

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

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

G. APPEALS

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

H. PREPAYMENT OF SPECIAL TAX

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.2

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

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

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

EXHIBIT A

BOUNDARY MAP

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

EXHIBIT B

BOUNDARIES – POTENTIAL ANNEXATION AREA

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

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EXHIBIT C

**Description of Facilities and Incidental Expenses
of Community Facilities District No. 05-8 (Scott Road)
of the County of Riverside**

Facilities:

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

Incidental Expenses:

Incidental expenses proposed to be incurred include the following;

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

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EXHIBIT D

**Ballot Proposition
Allowing for the Levy of Special Taxes
on Property to be Annexed to
Community Facilities District No. 05-8
(Scott Road) of the County of Riverside**

PROPOSITION A: Shall the Property (the "Property") as described in Exhibit A to Resolution No. CFD 2008-02 (the "Resolution") be annexed to Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "District") and shall the District be authorized to levy on the Property a special tax in accordance with the Rate and Method of Apportionment, without any adjustment to its terms, as attached as Exhibit B to said Resolution upon said Property's annexation to the District to pay for the acquisition, installation and construction of the Facilities and the incidental expenses as described in Exhibit C to said Resolution and for the payment of the principal of and interest on the bonds or refunding bonds issued by the District to finance said Facilities?