

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



**ITEM: 3.17
(ID # 30164)**

MEETING DATE:
Tuesday, April 28, 2026

FROM : OFFICE OF ECONOMIC DEVELOPMENT

SUBJECT: OFFICE OF ECONOMIC DEVELOPMENT: Adoption of Resolution No. 2026-013, Intention to Establish Proposed Maintenance-Only Community Facilities District to be Named Community Facilities District No. 26-1M (Highland Hills) TTM 38605 of the County of Riverside to be Administered by Office of Economic Development. District 2. [\$307,581 - Ongoing Cost; CFD 26-1M (Highland Hills) – 100%] (Clerk to Set for Public Hearing on June 2, 2026, at 9:30 a.m. or as soon as possible thereafter - and to Advertise and Record Boundary Map)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2026-013, a Resolution of the Board of Supervisors of the County of Riverside of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes and Setting a Date and Time for a Public Hearing Thereon;
2. Set a public hearing concerning the establishment of Community Facilities District 26-1M (Highland Hills) for 9:30 a.m. on June 2, 2026, and direct the Clerk of the Board to publish notice of the public hearing in accordance with California Government Code Section 53322; and
3. Direct the Clerk of the Board to sign and record the Boundary Map as required by Section 3111 of the California Streets and Highways Code.

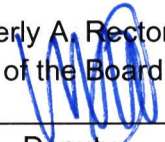
ACTION:Policy, Clerk to Advertise, Set for Hearing


Suzanne Holland, Director of Office of Economic Development 4/10/2026

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended and is set for public hearing on Tuesday, June 2, 2026, at 9:30 a.m. or as soon as possible thereafter.

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez
Nays: None
Absent: None
Date: April 28, 2026
xc: OED, Recorder, COB/AG

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 307,581	\$ 0	\$ 307,581
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% CFD 26-1M (Highland Hills)			Budget Adjustment: N/A	
			For Fiscal Year: 26/27	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The State legislature enacted the Mello-Roos Community Facilities Act of 1982 to assist public agencies in financing certain public services and maintenance requirements. On January 27, 2015, the Board of Supervisors revised Board Policy B-12 entitled “Land Secured Financing Districts” to include “Service and Maintenance CFDs” to fund the ongoing maintenance of landscape, storm water Best Management Practices (BMP), street lighting, or other similar improvements and set goals and policies concerning Community Facilities Districts (CFD).

Highland Grove III – Lake Mathews, L.P. are the Owners of Tentative Tract Map 38605 and have petitioned that the County of Riverside Office of Economic Development assist them in forming a district for the County of Riverside (County) to cover the costs associated with the maintenance of public improvements within the proposed district and have submitted an application and formation deposit. A special tax is proposed to be levied on each individual parcel located within the boundary of the proposed CFD to fund the costs associated with services necessary to meet the increased demands placed by development upon the County, as listed in Exhibit A attached herein.

Approval of proposed Resolution No. 2026-013 by the Board of Supervisors is the initial step for forming the CFD and declares the intention of the Board of Supervisors, as required by the Mello-Roos Community Facilities Act of 1982, to levy a special tax to fund the service and maintenance functions requested by the Developer. The Resolution also requires the Board of Supervisors to hold a public hearing and submit the formation of the proposed CFD 26-1M (Highland Hills) to the landowners at a special election to be conducted by mailed ballot if a majority protest does not occur.

Each new CFD is created for a specific development or developments when similar facilities are requested to be maintained by the County. A special tax is levied according to a Rate and Method of Apportionment (RMA) developed to the specific features within that District, and a special tax is annually placed on the tax roll for each Assessor Parcel Number (APN) noted in the Proposed Boundary Map, both attached herein.

The property owners (Highland Grove III – Lake Mathews, L.P.) of Tentative Tract Map No. 38605 have petitioned the County to include their property into proposed Community Facilities District 26-1M (Highland Hills). The boundaries of CFD 26-1M (Highland Hills) will encompass all of Tentative Tract Map No. 38605 which includes 163 single-family residential units, none of which are currently occupied.

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

Reference

The CFD Rate and Method of Apportionment (RMA) are consistent with the Mello-Roos Community Facilities Act of 1982. In November 1996, California voters passed Proposition 218, Right to Vote on Taxes Act which added Articles XIII C and XIII D to the California Constitution. The County may levy special taxes within this proposed CFD after complying with the requirements of the Mello-Roos Community Facilities Act of 1982 and the provisions of Proposition 218 Right to Vote on Taxes Act. The formation of the proposed CFD adheres to Board Policy B-12 entitled "Land Secured Financing Districts" which was revised on January 27, 2015, to include "Service and Maintenance CFDs" to fund the ongoing maintenance of landscape, storm water, street lighting or other similar improvements and set goals and policies concerning CFDs.

Impact on Residents and Businesses

Only the parcels with Assessor Parcel Numbers within the proposed boundaries of the CFD which are represented by the proposed Boundary Map (inclusive of Tentative Tract Map No. 38605) are impacted by the proposed special tax. By setting up a special tax for the maintenance of certain infrastructure required by the development, the County requires that the development pay for its maintenance impact, rather than the obligation falling upon declining public funding sources. By specifically collecting and using the special tax revenue within the boundary of the proposed CFD, there is a financial mechanism in place to ensure the infrastructure is maintained. This CFD does not propose to fund the repayment of any bonds or bond obligations and is solely for the purposes of funding the service and maintenance of Developer-installed and County-required infrastructure, particularly those listed in Exhibit A attached herein. The Developer shall, and is obligated to, provide disclosure statements to potential buyers which outline the associated tax rate of a new home.

Additional Fiscal Information

The proposed budget for maintenance of \$307,581 for fiscal year 2025-2026 will result in a Special Tax A of \$1,631 per taxable parcel and a Special Tax B of \$256 per taxable parcel, pursuant to the Rate and Method of Apportionment. The annual special tax shall be increased annually by the greater of two percent (2%) or the percentage increase in the Consumer Price Index (CPI-U) for the Riverside-San Bernardino-Ontario area.

ATTACHMENTS:

- Exhibit A: Description of Services
- Petition
- Resolution No. 2026-013
- Rate and Method of Apportionment (RMA)
- CFD 26-1M Boundary Map
- Notice of Public Hearing
- Sample Ballot


Jacqueline Ruiz, Principal Analyst 4/21/2026


Aaron Gettis, Chief Deputy County Counsel 4/16/2026

2 RESOLUTION NO. 2026-013

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

8
9 **WHEREAS**, a community facilities district may be established under the Mello-Roos Community
10 Facilities Act of 1982 (the "Act") in order to finance certain public capital facilities and services;

11 **WHEREAS**, proceedings for the establishment of a community facilities district under the Act
12 may be instituted following the receipt of a petition by the landowners of at least 10% of the area of land
13 proposed to be included within the territory of the community facilities district (a "Qualifying Petition")
14 and the furnishing of a deposit by the petitioners pursuant to Section 53318(d) of the Act ("Deposit");

15 **WHEREAS**, the Board of Supervisors of the County of Riverside constitutes the legislative body
16 of a local agency for purposes of the Act; and

17 **WHEREAS**, the Board of Supervisors has received both a Qualifying Petition and the Deposit
18 pursuant to the Act and therefore institutes proceedings to establish a community facilities district (the
19 "Community Facilities District") and to authorize the levy of special taxes therein in order to finance
20 services described in Exhibit A attached hereto.

21 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY** the Board
22 of Supervisors of the County of Riverside, State of California (the "Board of Supervisors") in regular
23 session assembled on April 28, 2026 at 9:30 a.m. or soon thereafter, in the meeting room of the Board of
24 Supervisors, located on the first floor of the County Administrative Center, 4080 Lemon Street, Riverside,
25 California as follows:

26 **Section 1.** The Board of Supervisors proposes to establish a community facilities district under
27 the terms of the Act. The boundaries of the territory proposed for inclusion in the Community Facilities
28 District are described in the map showing the proposed Community Facilities District (the "Boundary

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* DATE: 4/16/26
STEPHANIE K. NELSON

1 Map”) on file with the Clerk of the Board of Supervisors (the “Clerk”), which boundaries are hereby
2 preliminarily approved and to which map reference is hereby made for further particulars. The Clerk is
3 hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary
4 Map with all proper endorsements thereon in the office of the Riverside County Recorder within 15 days
5 of the date of adoption of this resolution, all as required by Section 3111 of the California Streets and
6 Highways Code.

7 **Section 2.** The name proposed for the Community Facilities District is “Community Facilities
8 District No. 26-1M (Highland Hills) of the County of Riverside.”

9 **Section 3.** The services (the “Services”) proposed to be financed by the Community Facilities
10 District pursuant to the Act are described in Exhibit A attached hereto. The cost of providing the Services
11 includes “incidental expenses,” which include costs associated with the creation of CFD No. 26-1M,
12 determination of the amount of special taxes, collection or payment of special taxes, or costs otherwise
13 incurred in order to carry out the authorized purposes of CFD No. 26-1M. The Services authorized to be
14 financed by CFD No. 26-1M are in addition to those currently provided in the territory of CFD No. 26-
15 1M and do not supplant Services already available within that territory.

16 **Section 4.** Except where funds are otherwise available, a special tax sufficient to pay for all
17 Services, secured by recordation of a continuing lien against all nonexempt real property in the
18 Community Facilities District, will be annually levied within the Community Facilities District. The rate
19 and method of apportionment of the special tax (the “Rate and Method”), in sufficient detail to allow each
20 landowner within the proposed Community Facilities District to estimate the maximum amount that he or
21 she will have to pay, is described in Exhibit B attached hereto, which is by this reference incorporated
22 herein. The special tax will be collected in the same manner as ordinary *ad valorem* property taxes or in
23 such other manner as the Board of Supervisors shall determine, including direct billing of the affected
24 property owners. The special tax shall be levied annually until terminated by the Board of Supervisors as
25 specified in the Rate and Method.

26 **Section 5.** The Board of Supervisors hereby sets the matter for public hearing on June 2, 2026, at
27 9:30 am, or as soon thereafter as the Board of Supervisors will consider the matter, at the meeting room of
28 the Board of Supervisors, located on the first floor of the County Administrative Center, 4080

1 Lemon Street, 1st Floor, Riverside, California, as the time and place when and where the Board of
2 Supervisors will conduct a public hearing on the establishment of the Community Facilities District and
3 the levy of the special tax therein.

4 **Section 6.** The Clerk is hereby directed to publish, or cause to be published, a notice of said
5 public hearing, as prepared and approved by County Counsel, one time in *The Press Enterprise*, a
6 newspaper of general circulation published in the area of the Community Facilities District. The
7 publication of said notice shall be completed at least seven days prior to the date set for public hearing.
8 Said notice shall contain the information prescribed by Section 53322 of the Government Code.

9 The Clerk is hereby further directed to give notice of said public hearing, as prepared and
10 approved by County Counsel, by first-class mail to each registered voter and to each landowner within the
11 Community Facilities District. Said notice shall be mailed at least 15 days prior to the date set for public
12 hearing and shall contain the same information as is required to be contained in the notice published
13 pursuant to Section 53322 of the Government Code.

14 **Section 7.** The levy of said proposed special tax shall be subject to the approval of the qualified
15 electors of the Community Facilities District at a special election. The proposed voting procedure shall be
16 by mailed or hand-delivered ballot among the landowners in the Community Facilities District, with each
17 owner having one vote for each acre or portion of an acre such owner owns in the Community Facilities
18 District.

19 **Section 8.** Each officer of the County of Riverside who is or will be responsible for providing one
20 or more of the proposed types of Services is hereby directed to study, or cause to be studied, the proposed
21 Community Facilities District and, at or before said public hearing, file a report with the Board of
22 Supervisors containing a brief description of the Services by type which will in his or her opinion be
23 required to adequately meet the needs of the Community Facilities District, and his or her estimate of the
24 cost of providing the Services. Such officers are hereby also directed to estimate the fair and reasonable
25 cost of the incidental expenses proposed to be paid. Such report shall be made a part of the record of said
26 public hearing.

27 **Section 9.** In the opinion of the Board of Supervisors, the public interest will not be served by
28 allowing the property owners within the proposed Community Facilities District to enter into a contract in

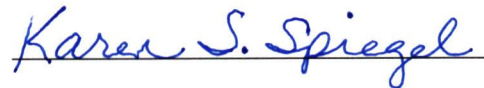
1 accordance with subdivision (a) of Section 53329.5 of the Government Code and, accordingly, the Board
2 of Supervisors hereby provides that such property owners may not enter into a contract in accordance with
3 said subdivision.

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

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9 **ADOPTED, SIGNED AND APPROVED** this 28 day of APR, 2026, by the Board of
10 Supervisors of the County of Riverside.

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16 Chair of the Board of Supervisors
17 **KAREN SPIEGEL**

18 ATTEST:

19 Kimberley A. Rector

20 Clerk of the Board of Supervisors

21
22 By:  _____

23 Deputy

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27
28 APR 28 2026

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3 **RESOLUTION NO. 2026-013**

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

8 ROLL CALL:

9 Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez

10 Nays: None

11 Absent: None

12 Abstain: None

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14 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of
15 Supervisors on the date therein set forth.

16
17 KIMBERLY A. RECTOR, Clerk of said Board

18
19 By:  _____

20 Deputy

1 **EXHIBIT A**

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3 **SERVICES AND INCIDENTAL EXPENSES**

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5 **Services**

6 The services which may be funded with proceeds of the special tax of CFD No. 26-1M, as provided by
7 Section 53313 of the Act, will include all costs attributable to the following services:

- 8 (i) Landscaping improvements that may include but are not limited to all landscaping material
9 and facilities within the CFD. These improvements include mulch, turf, ground cover,
10 shrubs, trees, plants, irrigation and drainage system; and
- 11 (ii) Street lighting maintenance, which includes energy charges, operation, maintenance,
12 and administration of street lighting located within the designated boundaries of the CFD;
13 and
- 14 (iii) Trail maintenance that may include servicing and maintenance of vinyl fencing, and
15 concrete trail; and
- 16 (iv) Administration, inspection, and maintenance of all stormwater facilities and BMPs to
17 include: water quality basins, fossil filters, basin forebays, and all other
18 NPDES/WQMP/BMP related devices and structures as approved and accepted by the
19 Community Facilities District; administration includes, but is not limited to, quality control
20 and assurance of inspections and maintenance, general contract management, scheduling of
21 inspections and maintenance, and general oversight of all NPDES/WQMP/BMP
22 operations; inspection includes, but is not limited to, travel time, visual inspection process
23 and procedures for functionality, GPS location recording, assurance of proper vegetation,
24 functioning irrigation, and citing operational or structural deficiencies, erosion, trash, silt
25 and sediment build-up; and maintenance includes, but is not limited to, repair or
26 replacement of any deficiencies noted during inspection, weed control and abatement, trash
27 removal, and healthy upkeep of required plant materials within the boundaries of the CFD.
- 28

1 **Incidental Expenses**

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

- 3 (i) The cost associated with the creation of the Community Facilities District, determination
4 of the amount of taxes, collection of taxes, including litigation expenses, if any, costs for
5 processing payment of taxes, or other administrative costs otherwise incurred in order to
6 carry out the authorized purposes of the Community Facilities District; and
- 7 (ii) Any other expenses incidental to the performance and inspection of the authorized
8 Services.

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EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

(See Attached)

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**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 26-1M (HIGHLAND HILLS)
OF THE COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

A Special Tax (all capitalized terms are defined in Section A. Definitions, below) shall be applicable to each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 26-1M (Highland Hills) (the “CFD 26-1M” or “CFD”; defined below). The amount of Special Tax to be levied on a Parcel in each Fiscal Year, (defined below), commencing in Fiscal Year 2025-2026, shall be determined by the Riverside County Board of Supervisors, acting in its capacity as the legislative body of the CFD by applying the appropriate Special Tax as set forth in Sections B., C., and D., below. All property within the CFD, unless exempted by law or by the provisions of Section E., below, 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:

“Accessory Dwelling Unit(s)” means a residential unit of limited size, as defined in California Government Code Section 65852.2 that shares an Assessor’s Parcel Number with Single Family Residential Property.

“Acre” or “Acreage” means the land area of a Parcel as shown on the most recent Assessor’s Parcel Map, or if the land area is not shown on the Assessor’s Parcel Map, the land area shown on the applicable Final Map, condominium plan, or other recorded County map. If the preceding maps are not available, the Acreage of an Assessor’s Parcel Number may be determined utilizing Geographic Information System. The square footage of a Parcel is equal to the Acreage of such Parcel multiplied by 43,560.

“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 Government Code of the State of California.

“Administrative Expenses” means all actual or reasonably estimated costs and expenses of the CFD that are chargeable or allocable to carry out the duties of the Administrator of the CFD as allowed by the Act, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax (whether by the County or designee thereof, or both), any litigation or appeal involving the CFD, and other administrative expenses of the County or designee thereof, or both, directly related to the CFD. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD for attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

“Administrator” means an official of the County, or designee thereof, responsible for determining the Special Tax Requirement A and Special Tax B Requirement providing for the levy and collection of the Special Taxes.

“Approved Property” means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a Building Permit(s) prior to the April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor” means the Assessor of the County.

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

“Assessor’s Parcel Number” means the number assigned to a lot or Parcel for purposes of identification as determined from an Assessor Parcel Map.

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

“Boundary Map” means a recorded map of the CFD which indicates by a boundary line the extent of the territory within the CFD identified to be subject to the levy of Special Taxes.

“Building Permit(s)” means a legal document(s) issued by a local agency that allows for new vertical construction of a building or buildings.

“Certificate of Occupancy” means a certificate of occupancy issued by the County in accordance with all applicable ordinances, regulations, and rule of the County and State law.

“CFD” or **“CFD 26-1M”** means Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside.

“Consumer Price Index” means the cumulative percentage increase in the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Riverside-San Bernardino-Ontario Area, as it stands in March of each year over the preceding Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario Area. In the event that the percentage change in the annualized CPI is negative, the Special Tax shall not be decreased.

“County” means the County of Riverside, California.

“Developed Property” means for each Fiscal Year, all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Taxes are being levied, and (ii) for which a Building Permit(s) for vertical construction has been issued prior to April 1st preceding the Fiscal Year in which the Special Taxes are being levied.

“Development Class” means either Developed Property, Approved Property, Taxable Property Owner’s Association Property, Taxable Public Property, or Undeveloped property.

“Dwelling Unit(s)” or **“(DU)”** means a residential building(s) that is used or intended to be used as a domicile by one or more persons, as determined by the Administrator.

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

“Final Map” means a subdivision of property by recordation of a tract map, parcel map or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a condominium plan pursuant to California Civil Code 4200 that creates individual lots for which Building Permit(s) may be issued without further subdivision.

“Fiscal Year” means the 12-month period starting on July 1 of any calendar year and ending the following June 30.

“Maximum Special Taxes” means the Maximum Special Tax A and/or Maximum Special Tax B to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D., below to fund the Special Tax A Requirement and/or Special Tax B Requirement.

“Maximum Special Tax A” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax A, determined in accordance with Section C., below, which may be levied on such Parcel in each Fiscal Year.

“Maximum Special Tax B” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax B, determined in accordance with Section C., below, which may be levied on such Parcel in each Fiscal Year.

“Multi-family Residential Property” means all Parcels of Residential Property that consist of a two or more buildings comprised of attached Dwelling Units available for rental by the general public, not for sale to an end user, and under common management.

“Non-Residential Property” means all Parcels of Developed Property for which a Building Permit(s) was issued permitting the construction of one or more non-residential structures.

“Parcel” means a lot or parcel within the CFD shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number valid as of July 1st for the Fiscal Year for which the Special Tax is being levied.

“Property Owner’s Association Property” means all Parcels which have been conveyed, dedicated to, or irrevocably offered for dedication to a home-owner’s association, condominium owner’s association or any master or sub-association, prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Proportionately” means for each Parcel of Taxable Property that are Developed Property, Approved Property, Taxable Property Owner’s Association Property, Taxable Public Property or Undeveloped Property, that the ratio of the actual Special Tax levy to Maximum Special Tax A and Maximum Special Tax B is the same for all Parcels assigned within each Development Class.

“Public Property” means all Parcels which, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied, are (i) 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, the County, City or any other public 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 taxed and classified according to its use; or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

“Residential Property” means all Parcels of Developed Property for which a Building Permit(s) has been issued permitting the construction of one or more residential Dwelling Units.

“Single Family Residential Property” means all Parcels of Residential Property, other than Multi-family Residential Property.

“Special Tax(es)” means the Special Tax A and/or Special Tax B amounts to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D., below to fund the Special Tax A Requirement and/or Special Tax B Requirement.

“Special Tax A” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax A Requirement.

“Special Tax A Requirement” means that amount required in any Fiscal Year to: (i) pay the estimated cost of Special Tax A Services such Fiscal Year as determined by the County; (ii) fund the Special Tax A Reserve Fund to the extent that the inclusion of such amount does not increase the Special Tax A for Undeveloped Property unless requested by the developer or the amount needed to fund the Special Tax Reserve Fund up to the Special Tax A Reserve Fund Requirement; (iii) pay Administrative Expenses; (iv) pay any anticipated Special Tax A delinquencies based on actual delinquencies from the prior Fiscal Year outstanding at the time the annual Special Tax levy is determined; and (v) less a credit for funds available to reduce the annual Special Tax A levy at the sole discretion of the Administrator.

“Special Tax A Reserve Fund Requirement” means an amount up to 150% of the anticipated annual cost of Special Tax A Services of \$265,853. The Special Tax A Reserve Fund Requirement shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax A in effect in the previous Fiscal Year at the sole discretion of the Administrator.

“Special Tax A Services” means services permitted under the Mello-Roos Community Facilities Act of 1982 including, without limitation, those services authorized to be funded by CFD 26-1M as set forth in the documents adopted by the Board at the time the CFD was formed.

“Special Tax B” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax B Requirement.

“Special Tax B Requirement” means the amount required in any Fiscal Year to: (i) pay the estimated cost of Special Tax B Services, including maintenance, operation, repair, and replacement of slope landscaping areas, erosion control and drainage slopes, street lighting facilities including electricity, repair, and replacement, trails, fencing, and related improvements identified as Maintenance Set MS 4457 on the Maintenance Exhibit for Tract Map No. 38605; (ii) fund the Special Tax B Reserve Fund up to the Special Tax B Reserve Fund Requirement; (iii) pay Administrative Expenses allocable to Special Tax B; and (iv) pay any anticipated Special Tax B delinquencies based on actual delinquencies from the prior Fiscal Year.

“Special Tax B Reserve Fund Requirement” means an amount up to 150% of the anticipated annual cost of Special Tax B Services of \$41,728. The Special Tax B Reserve Fund Requirement shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

“Special Tax B Services” means a subset of the overall Services and represents the maintenance, operation, repair, and periodic replacement of certain public improvements within the CFD, limited to those improvements identified as Maintenance Set MS 4457 on the Maintenance Exhibit for Tract Map No. 38605 on file with the County, including slope landscaping areas, drainage slopes and erosion control facilities (which may function as or be part of stormwater/BMP systems), street lighting facilities including electricity, repair, and replacement, trails, fencing, and related improvements, together with all necessary administrative, inspection, utility, and incidental costs associated with providing such services.

Notwithstanding the foregoing, the Special Tax B Requirement shall be \$0 upon the termination of Special Tax B in accordance with Section I below.

“State” means the State of California.

“Taxable Property” means all Parcels within the boundary of the CFD pursuant to the Boundary Map which are not exempt from the Special Taxes pursuant to Section E., below.

“Taxable Property Owner’s Association Property” means all Parcels of Property Owner’s Association Property that satisfies both of the following conditions: (i) based on reference to the maps used during the formation of the district, the Parcel was not anticipated to be Property Owner’s Association Property, as determined by the Administrator, and (ii) if the Parcel were to be exempt from the Special Taxes because it is Property Owner’s Association Property, the County has determined that there would be a reduction in Special Tax revenues that would create a deficit in funding the Special Tax A Requirement or the Special Tax B Requirement.

“Taxable Public Property” means all Parcels of Public Property that satisfies both of the following conditions: (i) based on reference to the maps used during the formation of the district, the Parcel was not anticipated to be Public Property, as determined by the Administrator, and (ii) if the Parcel were to be exempt from the Special Tax because it is Public Property, the County has determined that there would be a reduction in Special Tax revenues that would create a deficit in funding the Special Tax A Requirement or the Special Tax B Requirement.

“Taxable Unit” means either a Dwelling Unit(s) or an Acre.

“Undeveloped Property” means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Taxable Property Owner’s Association Property or Taxable Public Property.

B. ASSIGNMENT TO DEVELOPMENT CLASS

Each Fiscal Year, commencing with Fiscal Year 2025-2026, all Parcels of Taxable Property shall be classified as either Developed Property, Approved Property, Taxable Property Owner’s Association Property, Taxable Public Property, or Undeveloped Property, and subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C. and D., below.

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 Residential Property or Multi-family Residential Property as determined by the Administrator.

C. MAXIMUM SPECIAL TAXES

1. Special Tax A

a. Developed Property

(i) The Maximum Special Tax A that may be levied and escalated, as explained further in Section C.1.a. (ii) below, in each Fiscal Year for each Parcel classified as Developed Property shall be determined by reference to Table 1 below.

**TABLE 1
MAXIMUM SPECIAL TAX A
DEVELOPED PROPERTY
FISCAL YEAR 2025-2026**

Development Class	Taxable Unit	Maximum Special Tax A
Single Family Residential Property	DU	\$1,631
Multi-family Residential Property	Acre	\$3,259
Non-Residential Property	Acre	\$3,259

(ii) Increase in the Maximum Special Tax A

On each July 1, the Maximum Special Tax A identified in Table 1 above, shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax A in effect in the previous Fiscal Year at the sole discretion of the Administrator.

(iii) Multiple Development Classes

In some instances, a Parcel of Developed Property may contain more than one Development Class. The Maximum Special Tax A that may be levied on such Parcel shall be the sum of the Maximum Special Tax A that can be levied for each Development Class located on that Parcel. For a Parcel that contains two or more different Development Classes, the Acreage of such Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Parcel. The Administrator’s allocation to each Development Class shall be final.

Once a Maximum Special Tax A has been assigned to a Parcel of Developed Property, the Maximum Special Tax A shall not be reduced in future Fiscal Years regardless of changes in Development Class, or Acreage, unless a reduction in the Maximum Special Tax A is approved by the Board for the entire CFD.

(iv) Accessory Dwelling Unit(s)

Where an Accessory Dwelling Unit(s) is on the same Assessor Parcel Number as another Taxable Unit, the Accessory Dwelling Unit(s) is not considered a separate Taxable Unit and will not be added to the calculation of the Maximum Special Tax A for a Parcel.

b. Approved Property

The Maximum Special Tax A for each Parcel of Approved Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax A per Acre times the Acreage of such Parcel; provided, however, for a Parcel of Approved Property that is expected to become Single Family Residential Property as reasonably determined by the Administrator based on the Final Map for such Parcel, the Maximum Special Tax for such Parcel of Approved Property shall be

calculated pursuant to Section C.1., as if such Parcel were already designated as Developed Property and classified as Single Family Residential Property.

The Maximum Special Tax A for Approved Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax A in effect in the previous Fiscal Year at the sole discretion of the Administrator.

c. Taxable Property Owner's Association Property and Taxable Public Property

The Maximum Special Tax A for each Parcel of Taxable Property Owner's Association Property or Taxable Public Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax A per Acre times the Acreage of such Parcel.

The Maximum Special Tax A for Taxable Property Owner's Association Property and Taxable Public Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax A in effect in the previous Fiscal Year at the sole discretion of the Administrator.

d. Undeveloped Property

The Maximum Special Tax A that may be levied and escalated for each Parcel classified as Undeveloped Property for each Parcel shall be \$3,259 per Acre.

The Maximum Special Tax A for Undeveloped Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax A in effect in the previous Fiscal Year at the sole discretion of the Administrator.

e. Public Property and/or Property Owner's Association Property

The Maximum Special Tax A that may be levied and escalated for each Parcel classified as Property Owner's Association Property and/or Public Property shall be \$0.00 per Acre. **There shall be no levy on Property Owner's Association Property and/or Public Property.**

2. Special Tax B

a. Developed Property

(i) The Maximum Special Tax B that may be levied and escalated, as explained further in Section C.2.a. (ii) below, in each Fiscal Year for each Parcel classified as Developed Property shall be determined by reference to Table 2 below.

**TABLE 2
MAXIMUM SPECIAL TAX B
DEVELOPED PROPERTY
FISCAL YEAR 2025-2026**

Development Class	Taxable Unit	Maximum Special Tax B
Single Family Residential Property	DU	\$256
Multi-family Residential Property	Acre	\$511
Non-Residential Property	Acre	\$511

(ii) Increase in the Maximum Special Tax B

On each July 1, the Maximum Special Tax B identified in Table 2 above, shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

(iii) Multiple Development Classes

In some instances, a Parcel of Developed Property may contain more than one Development Class. The Maximum Special Tax B that may be levied on such Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Development Class located on that Parcel. For a Parcel that contains two or more different Development Classes, the Acreage of such Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Parcel. The Administrator’s allocation to each Development Class shall be final.

Once a Maximum Special Tax B has been assigned to a Parcel of Developed Property, the Maximum Special Tax B shall not be reduced in future Fiscal Years regardless of changes in Development Class, or Acreage, unless a reduction in the Maximum Special Tax B is approved by the Board for the entire CFD.

(iv) Accessory Dwelling Unit(s)

Where an Accessory Dwelling Unit(s) is on the same Assessor Parcel Number as another Taxable Unit, the Accessory Dwelling Unit(s) is not considered a separate Taxable Unit and will not be added to the calculation of the Maximum Special Tax B for a Parcel.

b. Approved Property

The Maximum Special Tax B for each Parcel of Approved Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax B per Acre times the Acreage of such Parcel; provided, however, for a Parcel of Approved Property that is expected to become Single Family Residential Property as reasonably determined by the Administrator based on the Final Map for such Parcel, the Maximum Special Tax for such Parcel of Approved Property shall be calculated pursuant to Section C.1., as if such Parcel were already designated as Developed Property and classified as Single Family Residential Property.

The Maximum Special Tax B for Approved Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

c. Taxable Property Owner’s Association Property and Taxable Public Property

The Maximum Special Tax B for each Parcel of Taxable Property Owner’s Association Property or Taxable Public Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax B per Acre times the Acreage of such Parcel.

The Maximum Special Tax B for Taxable Property Owner’s Association Property and Taxable Public Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

d. Undeveloped Property

The Maximum Special Tax B that may be levied and escalated for each Parcel classified as Undeveloped Property for each Parcel shall be \$511 per Acre.

The Maximum Special Tax B for Undeveloped Property shall increase annually beginning July 1, 2026 by the greater of two percent (2%) or the percentage increase in the Consumer Price Index of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

e. Public Property and/or Property Owner’s Association Property

The Maximum Special Tax B that may be levied and escalated for each Parcel classified as Property Owner’s Association Property and/or Public Property shall be \$0.00 per Acre. **There shall be no levy on Property Owner’s Association Property and/or Public Property.**

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A

1. Special Tax A

Commencing with Fiscal Year 2025-2026 and for each following Fiscal Year, the Administrator shall levy Special Tax A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

First: Special Tax A shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax A as needed to satisfy the Special Tax A Requirement;

Second: If additional moneys are needed to satisfy the Special Tax A 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 Maximum Special Tax A for Approved Property.

Third: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Parcel of Taxable Property Owner's Association Property up to 100% of the applicable Maximum Special Tax A for Taxable Property Owner's Association.

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

Fifth: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax for Undeveloped Property.

2. Special Tax B

Commencing with Fiscal Year 2025-2026 and for each following Fiscal Year, the Administrator shall levy Special Tax B on all Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

First: Special Tax B shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement;

Second: If additional moneys are needed to satisfy the Special Tax B 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 Maximum Special Tax B for Approved Property.

Third: If additional moneys are needed to satisfy the Special Tax B Requirement after the first two steps have been completed, the Special Tax B shall be levied Proportionately on each Parcel of Taxable Property Owner's Association Property up to 100% of the applicable Maximum Special Tax B for Taxable Property Owner's Association.

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

Fifth: If additional moneys are needed to satisfy the Special Tax B Requirement after the first four steps have been completed, the Special Tax B shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax for Undeveloped Property.

Notwithstanding the above, under no circumstances will Special Tax A or Special Tax B levied in any Fiscal Year against any Parcel of Residential Property for which a Certificate of Occupancy has been issued be increased by more than ten percent (10%) as a result of a delinquency in the payment of Special Tax A or Special Tax B applicable to any other Parcel above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default of the CFD pursuant to Section I, below.

E. EXEMPTIONS

The CFD shall not levy Special Taxes on Property Owner’s Association Property (except Taxable Property Owner’s Association Property) or Public Property (except Taxable Public Property) within the CFD.

F. MANNER OF COLLECTION

The Special Taxes 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 Taxes, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD, and provided further that the CFD may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes must be paid on or before the payment due date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The Administrator shall review the appeal, meet with the appellant if the Administrator deems necessary, and advise the appellant of its determination. If the Administrator agrees with the appellant, the Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant’s Parcel(s). No refunds of previously paid Special Taxes shall be made.

The Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Tax and any taxpayer who appeals, as herein specified.

H. PREPAYMENT OF SPECIAL TAXES

The Special Taxes may not be prepaid.

I. TERM OF THE SPECIAL TAXES

The Special Tax A shall be levied annually in perpetuity unless terminated earlier by the County. Special Tax B shall be levied only until such time as the Special Tax B Services are accepted for maintenance by the County, another public agency, a property owner’s association, or are otherwise funded through another community facilities district or legally available funding source, as determined by the County. Upon such determination, the levy of Special Tax B shall cease.



June 2, 2026

To: Property Owners as indicated on Exhibit A hereto

Dear Sir or Madam:

You are hereby notified of a public hearing called by Resolution No. 2026-013 (the "Resolution") of the County of Riverside, acting with respect to Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside (the "District") declaring its intent to levy a special tax to pay the cost of certain authorized services related to maintenance of landscaping, street lighting, trail maintenance, and drainage. The Board of Supervisors has set a date and time of the public hearing regarding such matters as follows:

Public Hearing

Date: June 2, 2026
Time: 9:30 A.M.
Place: Board Chambers of the County Administrative Center
4080 Lemon Street, 1st Floor
Riverside, California 92501-3651

This notice is being sent to you because your property is currently within the boundaries of the proposed District and may be affected by the foregoing proceedings if approved by the Board of Supervisors and if the proceedings are approved by the qualified voters within the District. Please contact the County Office of Economic Development to determine if your property is within the District and to obtain specific information concerning the proposed proceedings.

Enclosed please find a copy of the Resolution. The Resolution sets forth the matters to be heard at the hearing, the effect of protests to the proceedings regarding the rate and method of apportionment of special tax, and the procedures for the election relating thereto.

If you have any questions regarding the Resolution, the boundaries of the District, the rate and method of apportionment of special tax, the public hearing or the election process, please contact Michael Franklin, County of Riverside Office of Economic Development, 3403 Tenth Street, Ste. 400 Riverside, California 92501 or by telephone at (951) 955-6652.

Sincerely,

Michael Franklin
Deputy Director
Office of Economic Development

EXHIBIT A

LIST OF OWNERS AND APNs

Tentative Tract Map No. 38605

Highland Grove III – Lake Mathews, L.P.

APNs:

270-160-005	270-070-005	270-070-006	270-070-007
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Resolution of Intention



RIVERSIDE COUNTY
OFFICE OF ECONOMIC DEVELOPMENT

COMMUNITY FACILITIES DISTRICT NO. 26-1M
(HIGHLAND HILLS)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Consolidated Special Elections with Respect to
Authorizing the Levy of a Special Tax,
and Establishing an Appropriations Limit for said District

June 2, 2026

Ballot Pamphlet and Instructions to Voter

Dear Voter:

The Board of Supervisors of the County of Riverside, acting as the legislative body of Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside, State of California (the "District"), has called a consolidated special election for the District on June 2, 2026. This is an all-mailed ballot landowner-voter election. The ballots are being mailed to the persons or entities listed on the Riverside County Assessor's latest equalized assessment roll as owners of the property in the District or based on more current ownership information available to the Election Official.

The ballots will be distributed based on the names and addresses designated on the assessment roll or obtained from such other information. Any parcels with a common name and address were combined for voting purposes. Each qualified voter has been issued one ballot which entitles that voter to vote his, her or its total acreage of land. Each ballot is allotted a specified number of votes depending on acreage. Each acre or portion of an acre is worth one vote.

Please note that your voted ballot must be received by the Director of Office of Economic Development of the County of Riverside (the "Election Official") not later than 9:00 a.m. on June 2, 2026. A POSTMARK DATE IS NOT ACCEPTABLE. You must use the enclosed envelope for returning your ballot to the office of the Director of Office of Economic Development, County of Riverside, Attn: Michael Franklin, 3403 10th Street, Suite 400, Riverside, California 92501.

Contained in this Ballot Pamphlet and Instructions to Voter are Instructions to Landowner Voter, a Sample Ballot, and a copy of Resolution No. 2026-013 of the Board of Supervisors of the County of Riverside which contains as Exhibit "B" the Rate and Method of Apportionment of Special Tax for the District which is referenced in Proposition A on the official ballot for the special elections.

If you have any questions, please contact the Special Districts Administrator, Spicer Consulting Group, 41880 Kalmia St., Suite 145, Murrieta, CA at telephone number (866) 504-2067.

Best regards,

SUZANNE HOLLAND
DIRECTOR OF OFFICE OF
ECONOMIC DEVELOPMENT
COUNTY OF RIVERSIDE
ELECTION OFFICIAL

INSTRUCTIONS TO LANDOWNER VOTER

Name & Address of Property Owner:	Assessor's Parcel Number(s):
Highland Grove III – Lake Matthews, L.P. c/o Hearthstone Attn: Steve Porath 23975 Park Sorrento, Suite 220 Calabasas, CA 91302	270-160-005, 270-070-005, 270-070-006, & 270-070-007

HOW TO VOTE YOUR BALLOT

Vote your official ballot by placing a cross (+) in the voting square opposite your choice with a pen or pencil and by completing, dating and signing the Certificate of Authorization attached thereto.

SPOILING YOUR BALLOT

If you tear your ballot or make an error in voting you may secure another by surrendering the ballot you spoiled, in person or by mail at the address below, or by executing an affidavit to the effect that you lost your ballot, and you will be given another ballot.

RETURNING YOUR BALLOT

Enclose your ballot and the Certificate of Authorization in the Identification Envelope provided. Supply ALL information requested on the Identification Envelope. YOUR VOTE WILL BE DISQUALIFIED IF YOU DO NOT FILL IN ALL THE INFORMATION.

LAST DAY TO RETURN TO THE ELECTION OFFICIAL

Your ballot and Certificate of Authorization must be returned to the office of the Election Official-Director of Office of Economic Development of the County of Riverside **not later than 9:00 a.m. on June 2, 2026**, for it to be counted. YOUR BALLOT CANNOT BE ACCEPTED BEYOND THIS DEADLINE.

Your ballot and Certificate of Authorization must be mailed in the envelope provided for this purpose, or it may be delivered in the envelope to the Election Official-Director of Office of Economic Development, Attn: Michael Franklin at 3403 10th Street, Suite 400, Riverside, California 92501.

SAMPLE BALLOT - DO NOT VOTE

OFFICIAL BALLOT

SPECIAL ELECTION FOR
COMMUNITY FACILITIES DISTRICT NO. 26-1M
(HIGHLAND HILLS)
OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

June 2, 2026

This Ballot has been assigned 96 votes based on acreage owned by the qualified elector.

To vote, mark a cross (+) in the voting square after the word "YES" or after the word "NO."
All marks otherwise made are forbidden.

If you wrongly mark, tear, or deface this ballot, return it to the Election Official, Director of Office of Economic Development of the County of Riverside and obtain another.

PROPOSITION A: Shall special taxes be levied annually on taxable property at the rates and apportioned as set forth in the following table:

Development Class	Taxable Unit	Maximum Special Tax A	Maximum Special Tax B
Single-Family Residential Property	DU	\$1,631	\$256

YES	
NO	

plus an annual increase on each July 1, the Maximum Special Tax A and Maximum Special Tax B shall be increased annually, commencing July 1, 2026, by the amount equal to the greater of two percent (2%) or up to the percentage increase in the Consumer Price Index (All Items) for Riverside – San Bernardino - Ontario to finance certain services within Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside to fund, pay for, and finance maintenance of certain services (as specified and reflected in the Resolution of Intention, the Resolution of Formation, and the Rate and Method of Apportionment of Special Tax) and to pay expenses incidental thereto and incidental to the levy and collection of the special taxes, so long as the special taxes are needed to fund such services, at the special tax rates and pursuant to the method of apportioning the special taxes set forth in Exhibit B to Resolution No. 2026-013 adopted by the Board of Supervisors of said County on April 28, 2026?

PROPOSITION B: For each year commencing fiscal year 2025-2026 shall an appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, be established for Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside in the amount of \$4,000,000?

YES	
NO	

PETITION, WAIVER AND CONSENT
March 31, 2026

Board of Supervisors of the
County of Riverside
4080 Lemon Street
Riverside, California 92506

Members of the Board:

This Petition, Waiver and Consent ("**Petition**") is (i) a petition submitted pursuant to the Mello-Roos Community Facilities Act of 1982 (Section 53311 and following of the California Government Code) (the "**Act**") to create a community facilities district to fund certain maintenance and services, and (ii) a waiver and consent of certain election formalities and procedures.

1. Petitioners. This Petition is submitted pursuant to the Act to the County of Riverside (the "**County**") by the undersigned owner (the "**Property Owner**") of 100% of the fee simple interest in the following parcels of land identified by Assessor Parcel Numbers (the "**Property**"):

270-070-005	270-070-006	270-070-007	270-160-005	

The Property is further shown on the map attached hereto as Exhibit B. The Property Owner warrants to the County with respect to the Property that the signatories are authorized to execute this Petition.

2. Request to Institute Proceedings. The Board of Supervisors is hereby requested to do all of the following:

- b. Undertake proceedings under the Act to create a community facilities district to be designated "Community Facilities District No. 26-1M of the County of Riverside" (the "**CFD**"), which CFD shall include only the Property; and
- c. Conduct a landowner-voter election in accordance with the Act to obtain authorization to levy a special tax within the CFD.

3. Boundaries of CFD. The Property Owner hereby asks that the territory within the boundaries of the CFD be as shown on the map attached hereto as Exhibit B.

4. Purpose of CFD. The CFD shall be created for the purpose to fund the costs associated with the undersigned requests that the community facilities district provide any services that are permitted under the Act including, but not limited to, all necessary service, operations, administration and maintenance required to keep the landscape, lighting, street lighting, traffic signals, park maintenance, NPDES/WQMP/BMP flood control facilities, ground cover, shrubs, plants and trees, irrigation systems, graffiti abatement, masonry walls, fencing, and entry monuments.

5. Elections. The Property Owner hereby asks that the special election to be held under the Act to authorize the special taxes and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the County and its officials, using mailed or hand-delivered ballots, and that such ballots be opened and canvassed and the results certified at the same meeting of the Board of Supervisors as the public hearings on the CFD under the Act or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the CFD and to hold the elections on the date described in paragraph 5 above, the Property Owner makes all of the following waivers:

- The Property Owner hereby waives any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a).
- The Property Owner hereby waives the preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b).
- The Property Owner hereby waives the requirement to publish notice of the election under Government Code Section 53352.
- The Property Owner hereby waives the requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101 and agrees that either mailed service or personal service of the ballot will be sufficient.
- The Property Owner hereby waives any requirement as to the specific form of the ballot to be used for the election, whether under the Act, the California Elections Code or otherwise
- The Property Owner hereby waives the requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5.


7. Deposits. Compliance with the provisions of subsection (d) of Section 53318 of the Act has been accomplished previous deposit of funds by the Property Owner with the County.

By executing this Petition, the Property Owner agrees to all of the above.

The name of the owner of record of such property and the petitioner and its mailing address is:

Highland Grove III - Lake Mathews, L.P.
a Delaware limited partnership

By: Cal Hearthstone PBLO GP, LLC
A Delaware limited liability company
General Partner

By: 
Name: Steven C. Porath
Title: Authorized Representative

Mailing Address:

Hearthstone
Attn: Karen Hornback
23975 Park Sorrento, Suite 220
Calabasas, CA 91302
Ph: 818-385-3543
khornback@hearthstone.com

EXHIBIT A

SERVICES AND INCIDENTAL EXPENSES

Services

The services which may be funded with proceeds of the special tax of CFD No. 26-1M, as provided by Section 53313 of the Act, will include all costs attributable to the following services:

- i. Landscaping improvements that may include, but are not limited to all landscaping material and facilities within the CFD. These improvements include mulch, turf, ground cover, shrubs, trees, plants, irrigation and drainage system; and
- ii. Street lighting maintenance, which includes energy charges, operation, maintenance, and administration of street lighting located within the designated boundaries of the CFD; and
- iii. Trail maintenance that may include servicing and maintenance of vinyl fencing, and concrete trail; and
- iv. Administration, inspection, and maintenance of all stormwater facilities and BMPs to include: water quality basins, fossil filters, basin forebays, and all other NPDES/WQMP/BMP related devices and structures as approved and accepted by the Community Facilities District; administration includes, but is not limited to, quality control and assurance of inspections and maintenance, general contract management, scheduling of inspections and maintenance, and general oversight of all NPDES/WQMP/BMP operations; inspection includes, but is not limited to, travel time, visual inspection process and procedures for functionality, GPS location recording, assurance of proper vegetation, functioning irrigation, and citing operational or structural deficiencies, erosion, trash, silt and sediment build-up; and maintenance includes, but is not limited to, repair or replacement of any deficiencies noted during inspection, weed control and abatement, trash removal, and healthy upkeep of required plant materials located within the designated boundaries of the CFD.

Incidental Expenses

The incidental expenses proposed to be incurred include the following:

- i. The cost associated with the creation of the Community Facilities District, determination of the amount of taxes, collection of taxes, including litigation expenses, if any, costs for processing payment of taxes, or other administrative costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and
- ii. Any other expenses incidental to the performance and inspection of the authorized Services.

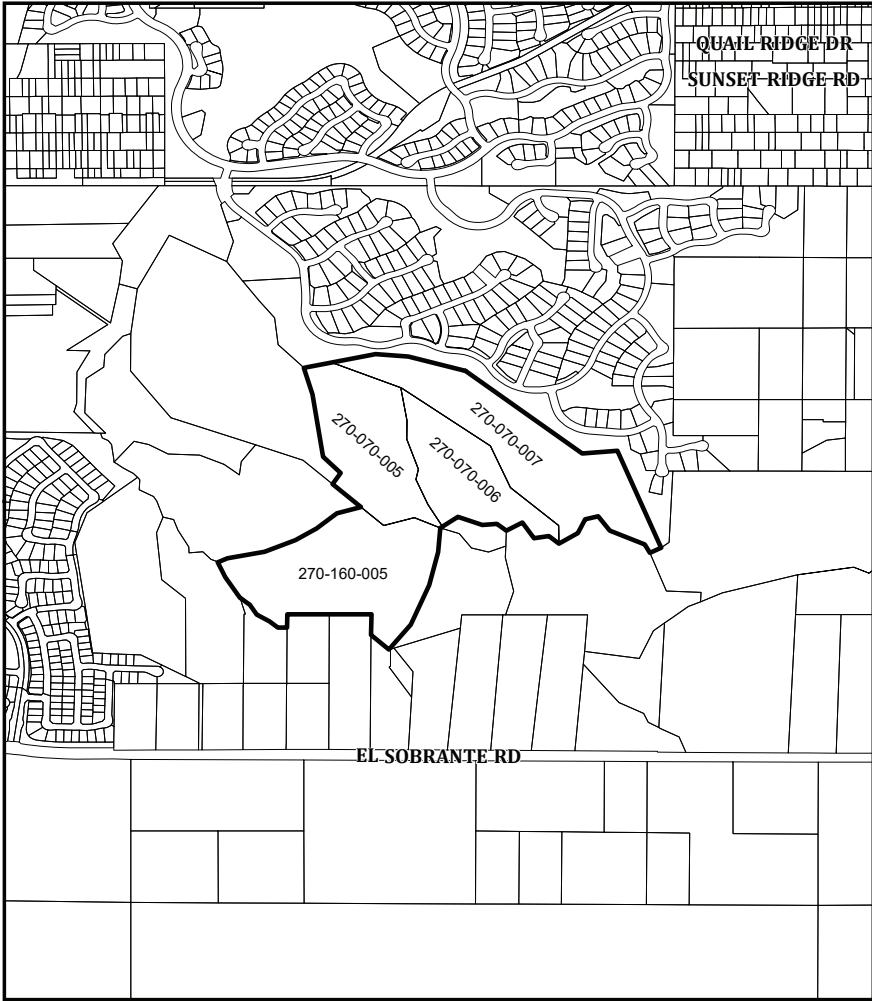
PROPOSED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 26-1M
(HIGHLAND HILLS)
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 26-1M (HIGHLAND HILLS), COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF SUPERVISORS AT A REGULAR MEETING THEREOF, HELD ON _____ DAY OF _____, 20____, BY RESOLUTION NO. _____

CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. THIS _____ DAY OF _____, 20____.

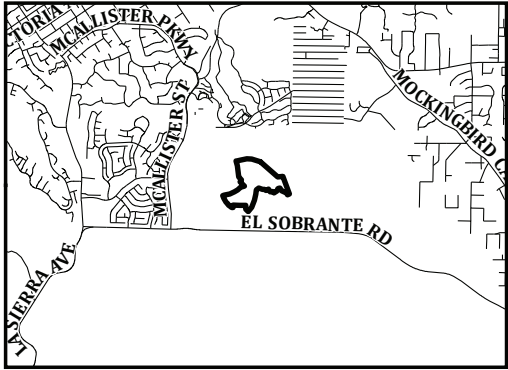
CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE





FILED THIS ____ DAY OF _____, 20____ AT THE HOUR OF ____ O'CLOCK ____M IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

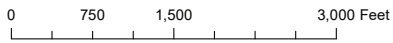
FEE: _____ NO.: _____
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: _____
DEPUTY



LEGEND

-  CFD BOUNDARY
-  PARCEL LINE
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER



THIS BOUNDARY MAP CORRECTLY SHOWS THE LOT OR PARCEL OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR MAPS FOR FISCAL YEAR 2025-26.

EXHIBIT 1A

SERVICES AND INCIDENTAL EXPENSES

Services

The services which may be funded with proceeds of the special tax of CFD No. 26-1M, as provided by Section 53313 of the Act, will include all costs attributable to the following services:

- i. Landscaping improvements that may include, but are not limited to all landscaping material and facilities within the CFD. These improvements include mulch, turf, ground cover, shrubs, trees, plants, irrigation and drainage system; and
- ii. Street lighting maintenance, which includes energy charges, operation, maintenance, and administration of street lighting located within the designated boundaries of the CFD; and
- iii. Trail maintenance that may include servicing and maintenance of vinyl fencing, and concrete trail; and
- iv. Administration, inspection, and maintenance of all stormwater facilities and BMPs to include: water quality basins, fossil filters, basin forebays, and all other NPDES/WQMP/BMP related devices and structures as approved and accepted by the Community Facilities District; administration includes, but is not limited to, quality control and assurance of inspections and maintenance, general contract management, scheduling of inspections and maintenance, and general oversight of all NPDES/WQMP/BMP operations; inspection includes, but is not limited to, travel time, visual inspection process and procedures for functionality, GPS location recording, assurance of proper vegetation, functioning irrigation, and citing operational or structural deficiencies, erosion, trash, silt and sediment build-up; and maintenance includes, but is not limited to, repair or replacement of any deficiencies noted during inspection, weed control and abatement, trash removal, and healthy upkeep of required plant materials located within the designated boundaries of the CFD.

Incidental Expenses

The incidental expenses proposed to be incurred include the following:

- i. The cost associated with the creation of the Community Facilities District, determination of the amount of taxes, collection of taxes, including litigation expenses, if any, costs for processing payment of taxes, or other administrative costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; and
- ii. Any other expenses incidental to the performance and inspection of the authorized Services.

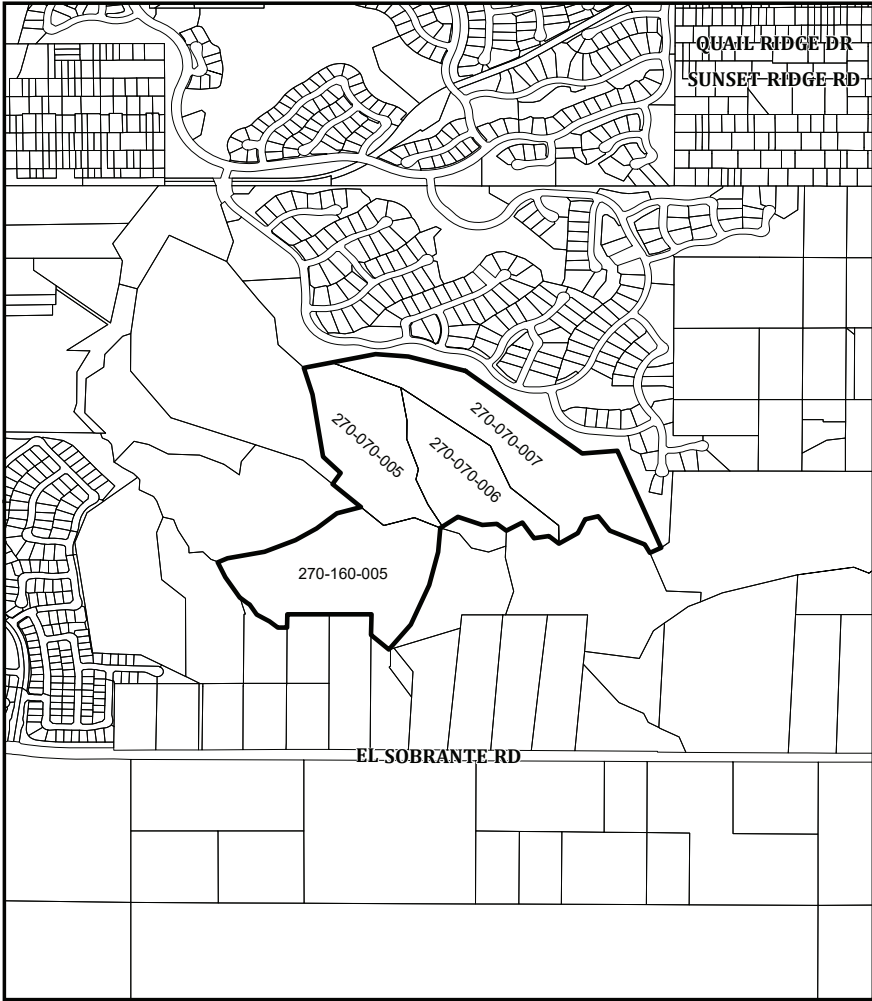
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COMMUNITY FACILITIES DISTRICT NO. 26-1M
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CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. THIS _____ DAY OF _____, 20____.

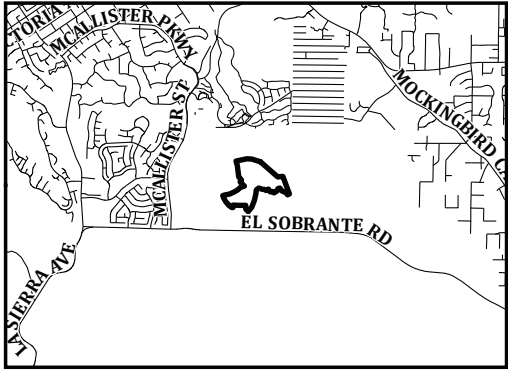
CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE





FILED THIS ____ DAY OF _____, 20____ AT THE HOUR OF ____ O'CLOCK ____M IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

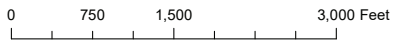
FEE: _____ NO.: _____
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: _____
DEPUTY



LEGEND

-  CFD BOUNDARY
-  PARCEL LINE
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER



THIS BOUNDARY MAP CORRECTLY SHOWS THE LOT OR PARCEL OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR MAPS FOR FISCAL YEAR 2025-26.