

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



ITEM: 21.2
(ID # 30464)

MEETING DATE:
Tuesday, June 02, 2026

FROM : OFFICE OF ECONOMIC DEVELOPMENT

SUBJECT: OFFICE OF ECONOMIC DEVELOPMENT: Public Hearing Regarding the Formation of Community Facilities District No. 26-1M (Highland Hills) TTM 38605 of the County of Riverside, Adopt Resolution of Formation No. 2026-014, and Receive and File Community Facilities District Document, District 2. [\$307,581 Ongoing cost - 100% CFD 26-1M (Highland Hills)]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Conduct a public hearing to receive public comments and conduct a majority protest proceeding in regards to the formation of Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside; and
2. Adopt Resolution No. 2026-014, a Resolution of the Board of Supervisors of the County of Riverside of Formation of Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside Authorizing the Levy of a Special Tax within Said District 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. Calling a Special Election to Submit to the Respective Qualified Voters the Question of Levying Such Special Tax and Establishing an Appropriations Limit for Said District; and Designating the Election Official for Such Matters.

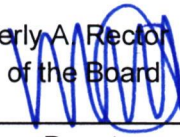
ACTION:Policy


Suzanne Holland, Director of Office of Economic Development 5/14/2026

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Washington, Perez, and Gutierrez
Nays: None
Absent: None
Date: June 2, 2026
xc: OED

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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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., is the Owner of Tentative Tract Map 38605 and has petitioned that the County of Riverside Office of Economic Development assist them in forming a district and include their property for the County of Riverside (County) to cover the costs associated with the maintenance of public improvements within the proposed district. The property owner has 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 Community Facilities District 26-1M (Highland Hills).

The boundaries of Community Facilities District (CFD) No. 26-1M (Highland Hills) (CFD 26-1M) will encompass the entire Tentative Tract Map 38605, which includes 163 single-family residential units, none of which are currently occupied.

On April 28, 2026 (Agenda Item 3.17), the County Board of Supervisors approved Resolution No. 2026-013, a Resolution of Intention as the initial step for forming the CFD and declared the intention of the Board of Supervisors as required by the Mello-Roos Act of 1982 to levy a Special Tax to fund the service and maintenance functions requested by Highland Grove III - Lake Mathews, L.P. The Resolution of Intention 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.

Approval of proposed Resolution No. 2026-014, a Resolution of Formation for CFD No. 26-1M, will authorize the County to levy a Special Tax within the district boundary to pay for services requested in the proposed CFD 26-1M (Highland Hills) upon voter approval. The Resolution of Formation also calls for a special election to be held at the conclusion of the public hearing on June 2, 2026, and designates the election official for the proposed election. On file with the Clerk of the Board is a Certificate of Registered Voters, attached for reference, stating there are no registered voters in the boundary of proposed CFD 26-1M (Highland Hills) was received. As

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a result, only the landowners within the boundary of proposed CFD 26-1M (Highland Hills) will have the right to vote on the proposed Special Tax with each owner having one vote for each acre (or portion thereof) that they own within the boundaries of the CFD.

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.

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 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.

Reference

The CFD Rate and Method of Apportionment (RMA) is consistent with the Mello-Roos 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 taxes on 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 boundaries of the proposed CFD which are represented by the attached Recorded Boundary Map (inclusive of Tentative Tract Map No. 38605) are impacted by the 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 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

Pursuant to the Rate and Method of Apportionment for fiscal year 2025-2026, the proposed Budget of \$307,581 consists of 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.

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ATTACHMENTS:

- Exhibit A: Description of Services
- Recorded CFD Boundary Map (reference only)
- Resolution No. 2026-014 (formation/calling an election)
- CFD Report
- Certificate of Registrar of Voters
- Concurrence of Election
Rate and Method of Apportionment


Jacqueline Ruiz, Principal Analyst 5/27/2026


Aaron Gettis, Chief Deputy County Counsel 5/18/2026

CERTIFICATE OF MAILING

I, the undersigned, say that I am a citizen of the United States and am employed in the County of Riverside, am over the age of 18 years; and that I am readily familiar with this offices' practice of collection and processing correspondence for mailing. My business address is Office of Economic Development Attention: CFD Administrator, 3403 10th St., Ste. 400, Riverside, CA 92501. Under this office's practice, mail would be deposited with the U.S. Postal Service on the same day with postage thereon fully prepaid at Riverside, California, in the ordinary course of business.

On MAY 11 , 20 26 , I mailed a copy of the following documents:

Notice of Public Hearing to Landowner; Resolution No. 2026-013 and exhibits thereto by delivering a true copy thereof in a sealed, stamped, envelope(s) addressed as follows:

Highland Grove III – Lake Mattews, L.P.
c/o Hearthstone
Attn: Steve Porath
23975 Park Sorrento, Suite 220
Calabasas, CA 91302

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on MAY 11 , 20 26 , at Riverside California.



Michael Franklin

CFD 26-1M (Highland Hills)

2 RESOLUTION NO. 2026-014

3 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE OF
 4 FORMATION OF COMMUNITY FACILITIES DISTRICT NO. 26-1M (HIGHLAND HILLS) OF THE
 5 COUNTY OF RIVERSIDE, AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN SAID
 6 DISTRICT TO PAY FOR MAINTENANCE SERVICES; CALLING A SPECIAL ELECTION TO
 7 SUBMIT TO THE RESPECTIVE QUALIFIED VOTERS THE QUESTION OF LEVYING SUCH
 8 SPECIAL TAX AND ESTABLISHING AN APPROPRIATIONS LIMIT FOR SAID DISTRICT; AND
 9 DESIGNATING THE ELECTION OFFICIAL FOR SUCH MATTERS

10
 11 **WHEREAS**, on April 28, 2026, the Board of Supervisors (the "Board of Supervisors") of the
 12 County of Riverside (the "County"), pursuant to the Mello-Roos Community Facilities Act of 1982 (the
 13 "Act"), commencing with Section 53311 of the California Government Code (the "Government Code"),
 14 adopted Resolution No. 2026-013 (the "Resolution of Intention"), stating its intention to establish a
 15 community facilities district, proposed to be named Community Facilities District No. 26-1M (Highland
 16 Hills) of the County of Riverside (the "Community Facilities District"), and to authorize the levy of Special
 17 Taxes to finance certain authorized services and setting June 2, 2026, as the date for a public hearing to be
 18 held on the establishment of the Community Facilities District;

19 **WHEREAS**, Section 53322 of the Government Code requires publication of the notice of the
 20 hearing at least seven (7) days prior to the date of the hearing;

21 **WHEREAS**, Section 53322.4 of the Government Code permits, but does not require, mailing of the
 22 notice of the hearing to each registered voter and landowner within the proposed district;

23 **WHEREAS**, notice of such public hearing was timely published in *The Press-Enterprise*, a
 24 newspaper of general circulation published in the area of the proposed district, as required by Section 53322
 25 of the Government Code;

26 **WHEREAS**, notice of such public hearing was mailed by first class mail, postage prepaid to each
 27 registered voter and landowner within the Community Facilities District, as permitted by Section 53322.4;

28 JUN 0 2 2026 21.1

FORM APPROVED COUNTY COUNSEL
 BY: *Stephanie K Nelson* 5/15/26
 DATE: STEPHANIE K NELSON

1 **WHEREAS**, on this date, the Board of Supervisors conducted and closed said public hearing to
2 consider establishing the proposed Community Facilities District, the proposed levy of a Special Tax within
3 the Community Facilities District and a proposed appropriations limit;

4 **WHEREAS**, any and all persons interested, including all taxpayers, property owners and registered
5 voters within the proposed Community Facilities District were given an opportunity to appear and be heard
6 at said public hearing and a full hearing was held;

7 **WHEREAS**, pursuant to the Resolution of Intention, each officer of the County who is or will be
8 responsible for providing one or more of the proposed types of authorized services was directed to study,
9 or cause to be studied, the proposed Community Facilities District and, at or before said public hearing, file
10 a report with the Board of Supervisors containing a brief description of the authorized services by type
11 which will in his or her opinion be required to adequately meet the needs of the Community Facilities
12 District, and his or her estimate of the cost of providing the services proposed to be financed by the
13 Community Facilities District and the fair and reasonable cost of the incidental expenses proposed to be
14 paid;

15 **WHEREAS**, said report was so filed with the Board of Supervisors and made a part of the record
16 of said public hearing;

17 **WHEREAS**, at said public hearing, evidence was presented to the Board of Supervisors on the
18 matters before it, and the Board of Supervisors at the conclusion of the hearing was fully advised as to all
19 matters relating to the proposed establishment of the Community Facilities District and the furnishing of
20 specified types of services;

21 **WHEREAS**, written protests against the establishment of the Community Facilities District, the
22 furnishing of any specified type or types of authorized services within the Community Facilities District or
23 the levying of any specified Special Tax were not made or filed at or before the hearing by 50% or more of
24 the registered voters, or six registered voters, whichever is more, residing within the territory proposed to
25 be included in the Community Facilities District, or by the owners of one-half or more of the area of land
26 in the territory proposed to be included in the Community Facilities District and not exempt from the Special
27 Tax;

28 **WHEREAS**, there has been filed with the Clerk to the Board of Supervisors a certification of the

1 Registrar of Voters of the County that within the ninety-day period preceding the close of said public
2 hearing, zero (0) persons were registered to vote within the territory proposed to be included in the
3 Community Facilities District;

4 **WHEREAS**, on the basis of all of the foregoing, the Board of Supervisors has determined at this
5 time to proceed with the establishment of the Community Facilities District as provided by said Resolution
6 No. 2026-013 to submit to the qualified electors of the Community Facilities District propositions to
7 authorize the levy of a Special Tax pursuant to the Rate and Method of Apportionment of Special Tax
8 described in Exhibit B to Resolution No. 2026-013 and the Community Facilities District Report;

9 **WHEREAS**, the Board of Supervisors has received a Petition, Consent and Waiver of 100% of the
10 landowners within the boundaries of the Community Facilities District waiving certain election
11 requirements, time limits and formalities; and

12 **WHEREAS**, the Board of Supervisors has determined that the establishment of the Community
13 Facilities District is not a project for purposes of the California Environmental Quality Act (CEQA) and is
14 exempt from CEQA.

15 **NOW, THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND ORDERED** by
16 the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on
17 June 2, 2026, as follows:

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

19 **Section 2.** The Board of Supervisors hereby approves and adopts and confirms said Resolution
20 No. 2026-013, notice of which was published and mailed prior to the public hearing as required by law,
21 and, except as otherwise provided herein, reconfirms all of its findings and determinations contained in said
22 Resolution No. 2026-013.

23 **Section 3.** The Board of Supervisors hereby approves and adopts the Rate and Method of
24 Apportionment of Special Tax for the Community Facilities District and the manner of collection of the
25 Special Tax as set forth in Exhibit B to this resolution. To the extent required by Section 53325.1(a) of the
26 Government Code, all of the information contained in Resolution No. 2026-013 is incorporated herein and
27 made a part hereof.

28 **Section 4.** The Community Facilities District is hereby established according to the Act.

1 **Section 5.** The Community Facilities District is hereby named “Community Facilities District
2 No. 26-1M (Highland Hills) of the County of Riverside.”

3 **Section 6.** The services to be provided and funded by the Community Facilities District are
4 described under the caption “Services” on Exhibit A hereto, which is by this reference incorporated herein.
5 The incidental expenses proposed to be incurred are identified under the caption “Incidental Expenses” on
6 Exhibit A hereto.

7 **Section 7.** The proposed Special Tax to be levied within the Community Facilities District has
8 not been precluded by majority protest pursuant to Section 53324 of the California Government Code; and
9 any and all written protests to the Special Tax and appropriations limit are hereby overruled.

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

18 The Special Tax will be levied annually, until terminated by the Board of Supervisors, as specified
19 in the Rate and Method.

20 **Section 9.** The name, address and telephone number of the office which will be responsible for
21 preparing annually a current roll of special tax levy obligations by assessor’s parcel number and which will
22 be responsible for estimating further special tax levies pursuant to Section 53340.2 of the California
23 Government Code are as follows: Office of Economic Development Community Facilities District
24 Administrator, 3403 10th Street, Suite 400, Riverside, California 92501, (951) 955-8916.

25 **Section 10.** Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the
26 California Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach
27 to all nonexempt real property in the Community Facilities District and this lien shall continue in force and
28 effect until collection of the Special Tax by the Board of Supervisors ceases.

1 **Section 11.** The boundary map of the Community Facilities District was recorded on April 30,
2 2026, in Riverside County in Book 99 at Page 44 of the Book of Maps of Assessment and Community
3 Facilities Districts in the Riverside County Recorder’s Office, as Instrument No. 2026-0131251. The Board
4 of Supervisors hereby approves and ratifies said map and the boundaries of the Community Facilities
5 District which are incorporated herein and made a part hereof.

6 **Section 12.** The annual appropriations limit, as defined by subdivision (h) of Section 8 of Article
7 XIII B of the California Constitution, of the Community Facilities District is hereby established at
8 \$4,000,000.

9 **Section 13.** Pursuant to the provisions of the Act, the levy of the Special Tax and a proposition
10 to establish the appropriations limit specified above shall be subject to the approval of the qualified electors
11 of the Community Facilities District at a special election. The Registrar of Voters has determined, and the
12 Board of Supervisors finds, that fewer than 12 persons are registered to vote within the territory included
13 in the Community Facilities District. Accordingly, pursuant to Section 53326 of the Government Code, the
14 vote concerning the Special Tax and appropriations limit shall be by the landowners of the Community
15 Facilities District; and each landowner who is the owner of record as of the close of the public hearing, or
16 the authorized representative thereof, shall have one vote for each acre or portion of an acre that he or she
17 owns within the Community Facilities District. The voting procedure shall be by mailed or hand-delivered
18 ballot. The Board of Supervisors also finds that the requirements of Section 53326 of the Act pertaining to
19 the shortening of time and the requirement for notice have been waived by all of the landowners within the
20 Community Facilities District.

21 **Section 14.** The Board of Supervisors hereby calls and schedules a special election for June 2,
22 2026, at 9:30 a.m. within and for the Community Facilities District on (i) the proposition with respect to
23 the annual levy of Special Taxes within the Community Facilities District for the provision of authorized
24 services to the Community Facilities District and (ii) the proposition with respect to establishing an
25 appropriations limit for the Community Facilities District.

26 The propositions to be submitted to the voters of the Community Facilities District at such special
27 election shall be as follows:
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1 Proposition A: Shall Special Taxes be levied annually on taxable property within Community
2 Facilities District No. 26-1M (Highland Hills) of the County of Riverside to fund, pay for, and
3 finance authorized maintenance of Developer-installed and County-required infrastructure,
4 particularly those listed in Exhibit A attached herein (as specified and reflected in the Resolution of
5 Intention, the Resolution of Formation, and the Rate and Method of Apportionment of Special Tax)
6 and to pay expenses incidental thereto and incidental to the levy and collection of the Special Taxes,
7 so long as the Special Taxes are needed to fund such services, at the special tax rates and pursuant
8 to the method of apportioning the Special Taxes set forth in Exhibit B to Resolution No. 2026-013
9 adopted by the Board of Supervisors of said County on April 28, 2026.

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11 Proposition B: Shall an appropriations limit, as defined by subdivision (h) of Section 8 of Article
12 XIII B of the California Constitution, be established for Community Facilities District No. 26-1M
13 (Highland Hills) of the County of Riverside in the amount of \$4,000,000?
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15 **Section 15.** Based on its findings that fewer than 12 registered voters reside within the
16 boundaries of the Community Facilities District and that the election will be among landowner voters, the
17 Board of Supervisors hereby appoints the Director of the Riverside County Office of Economic
18 Development or her designee, or such other officer or employee as the Board shall designate, to serve as
19 the election official (the “Election Official”) for the election pursuant to Government Code Section 53326.

20 **Section 16.** The procedures to be followed in conducting the special election on (i) the
21 proposition with respect to the levy of Special Taxes on taxable property within the Community Facilities
22 District to pay the costs of authorized services, and (ii) the proposition with respect to establishing an
23 appropriations limit for the Community Facilities District in the amount of \$4,000,000 (the “Special
24 Election”) shall be as follows:

25 (a) Pursuant to Section 53326 of the California Government Code, ballots for the Special
26 Election shall be distributed to the qualified electors by the Election Official by mail with return postage
27 prepaid or by personal service.

28 (b) Pursuant to applicable sections of the California Elections Code governing the conduct of

1 mail ballot elections of counties, and in particular Division 4 (commencing with Section 4000) of that Code
2 with respect to elections conducted by mail, the Election Official shall mail or deliver to each qualified
3 elector an official ballot and shall also mail or deliver to all such qualified electors a ballot pamphlet and
4 instructions to voter, including a sample ballot identical in form to the official ballot but identified as a
5 sample ballot, a return identification envelope with prepaid postage thereon addressed to the Election
6 Official for the returning of voted official ballots, and a copy of Resolution No. 2026-013.

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

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

25 (e) The information to voter form to be mailed or delivered by the Election Official to the
26 landowner-voters shall inform them that the official ballots shall be returned to the Election Official
27 properly voted as provided thereon and with the certification appended thereto properly completed and
28 signed in the sealed return identification envelope with the certification thereon completed and signed and

1 all other information to be inserted thereon properly inserted by 9:00 a.m. on the date of the Special Election;
2 provided that the election shall be closed before such hour if the Election Official determines that all of the
3 qualified voters have voted.

4 (f) Upon receipt of the return identification envelopes which are returned prior to the voting
5 deadline on the date of the Special Election, the Election Official shall canvass the votes cast in the Special
6 Election, and shall file a statement with the Board of Supervisors as to the results of such canvass and the
7 election on each proposition set forth in the official ballot.

8 (g) The Legislative Body shall declare the results of said special election as soon as practicable
9 following the election, but in any event not later than the next regular meeting following the date of the
10 election, and shall cause to be input upon its minutes a statement of the results of said special election as
11 ascertained by the canvass.

12 **Section 17.** If two-thirds (2/3) of the votes cast within the Community Facilities District upon
13 the question of levying the Special Tax are in favor of the levy of that tax, as determined by the Board of
14 Supervisors after the canvass of the returns of such election, the Legislative Body may levy such Special
15 Taxes within the territory of the Community Facilities District in the amounts and for the purposes as
16 specified in this Resolution, the Special Tax Ordinance (to be adopted), and the Rate and Method of
17 Apportionment, except that such Special Tax may be levied at a rate lower than the amount specified
18 therein.

19 **Section 18.** The Board of Supervisors hereby determines and finds that all proceedings up to and
20 including the adoption of this Resolution were valid and in conformity with the requirements of the Act. In
21 accordance with Section 53325.1 of the California Government Code, such finding shall be final and
22 conclusive.

23 **Section 19.** The Board of Supervisors finds and determines that the establishment of the
24 Community Facilities District is not a project for purposes of the California Environmental Quality Act and
25 is exempt from that Act.

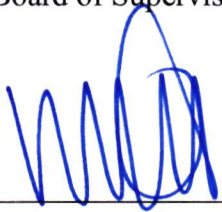
26 **Section 20.** The officers of the County are, and each of them is, hereby authorized and directed
27 to do any and all things, and to execute and deliver any and all documents which said officers may deem
28 necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent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

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ADOPTED, SIGNED AND APPROVED this 2nd day of June 2026, by the Board of Supervisors of the County of Riverside.

Karen S. Spiegel
Chair of the Board of Supervisors
KAREN SPIEGEL

ATTEST:
Kimberley A. Rector
Clerk to the Board of Supervisors

By: 
Deputy

1 **EXHIBIT A**

2 **SERVICES AND INCIDENTAL EXPENSES**

3
4 **Services**

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

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

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EXHIBIT B
PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

[See Attached.]

**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.



RIVERSIDE COUNTY OFFICE OF ECONOMIC DEVELOPMENT

COMMUNITY FACILITIES DISTRICT REPORT



June 2026

Community Facilities District No. 26-1M
(Highland Hills)

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C	Resolution of Intention

Introduction

This Community Facilities District (CFD) shall consist of all parcels of land within the residential subdivision known as Tentative Tract Map 38605. The services to be provided by CFD No. 26-1M (Highland Hills) include but are not limited to: (i) Landscaping improvements that may include but are not limited to all landscaping material and facilities within the CFD. These improvements include turf, ground cover, shrubs, trees, plants, irrigation and drainage system, ornamental lighting, masonry walls or other fencing, park and trail maintenance; (ii) Street lighting maintenance, which includes energy charges, operation, maintenance, and administration of street lighting located within the designated boundaries of the CFD; (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.

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 operations. Inspection includes, but is not limited to, travel time, visual inspection process and procedures to ensure maintained facilities functionality. Maintenance includes, but is not limited to, repair or replacement of any deficiencies noted during inspection.

The CFD is located within the unincorporated area of the County of Riverside and is generally located north of El Sobrante Rd, east of McAllister St, south of Compass Dr, and west of Vista Del Lago Dr. At full development, this CFD is projected to include 163 assessable residential units. Refer to Appendix B, Boundary Map of this Report for the location of this CFD.

The Maximum Special Taxes within the CFD have been established as two separate components: (i) Special Tax A, which is intended to fund ongoing maintenance services within the CFD, and (ii) Special Tax B, which is intended to fund a defined subset of services related to specific improvements identified for maintenance. For Fiscal Year 2025-2026, the Maximum Special Tax A is \$1,631 per taxable unit per year and the Maximum Special Tax B is \$256 per taxable unit per year, for a combined total of \$1,887 per taxable unit per year for Residential Property. The Maximum Special Taxes for Multi-family Residential and Non-Residential Property are levied on a per-acre basis as defined in the Rate and Method of Apportionment. These amounts shall be increased annually based upon the percentage change in the Consumer Price Index, with a minimum increase of two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.

Background

On April 28, 2026, the Board of Supervisors of the County of Riverside, State of California (Board) adopted a Resolution of Intention to form Community Facilities District No. 26-1M (Highland Hills), Resolution No. 2026-013, (the "Resolution of Intention"), expressly ordering the preparation and filing of a written Report for a proposed Community Facilities District (Report) pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, (the "Act").

This Report is submitted pursuant to Section 53321.5 of the Act, as well as the Resolution of Intention. The law and the Resolution of Intention directs that said Community Facilities District Report generally contain the following:

1. A brief description of the services proposed to be financed from the levy of the special tax; and
2. A general cost estimate setting forth costs of providing such services; and
3. Further information regarding the implementation of the rate and method of apportionment of the special tax proposed to be levied within the CFD.

The Rate and Method of Apportionment of the Special Tax which was included in the Resolution of Intention and approved by the Board.

For particulars, reference is made to the Resolution of Intention as previously approved and adopted and is included in Appendix C.

NOW, THEREFORE, the undersigned, authorized representative of Spicer Consulting Group, LLC, the appointed responsible officer, or person directed to prepare the Report, does hereby submit the following data:

Description of the Services

The services which may be funded with proceeds of the Special Taxes of the CFD, as provided by Section 53313 of the Act, include all costs attributable to the ongoing maintenance, operation, inspection, repair, rehabilitation, and periodic replacement of public improvements within the boundaries of the CFD. These services (the "Services") are funded through two components of the Special Tax, identified as Special Tax A and Special Tax B, as further described below. These services include but are not limited to the following:

- (a) 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 systems, drainage facilities, and appurtenant improvements; and
- (b) Street lighting maintenance, repair, replacement, and electricity costs, and administration of street lighting located within the designated boundaries of the CFD; and
- (c) Trail maintenance that may include servicing and maintenance of vinyl fencing, and concrete trail; and
- (d) 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.

Allocation of Services Between Special Tax A and Special Tax B

The Services described above are funded through two separate components of the Special Tax, which are levied and administered independently in accordance with the Rate and Method of Apportionment.

Special Tax A represents the primary funding mechanism for the CFD and is intended to fund the broad range of Services described above, including general landscaping, drainage, street lighting, trail maintenance, stormwater/BMP facilities, and associated administrative costs (collectively, "Special Tax A Services"). Special Tax A is expected to be levied annually in perpetuity unless otherwise terminated by the County.

Special Tax B represents a subset of the overall Services and is a secondary and more limited funding component intended to fund a defined subset of Services associated with specific improvements identified at the time of CFD formation (the "Special Tax B Services"). These improvements include, but are not limited to, slope landscaping areas, street lighting facilities, trails, fencing, and related improvements limited to those improvements identified as Maintenance Set MS 4457 on the Maintenance Exhibit for Tentative Tract Map No. 38605 on file with the County, together with associated inspection, repair, replacement, and administrative costs.

Special Tax B shall be levied only so long as such improvements require funding through the CFD and may be terminated when such services are no longer funded by the CFD, including when funded through another community facilities district or legally available funding source, or are no longer required due to removal, reconfiguration, or replacement of the underlying improvements, as determined by the County.

This two-component structure allows the CFD to separately account for general, ongoing maintenance obligations and more specific or transitional maintenance responsibilities associated with particular improvements.

The specific allocation of costs between Special Tax A and Special Tax B is based on the type, location, and maintenance responsibility of the improvements to be maintained, as reflected in the cost estimates and the Rate and Method of Apportionment.

Administrative Expenses

In addition to payment of the cost and expense of the foregoing services, proceeds of the special tax may be expended to pay "Administrative Expenses," as said term is defined in the Rate and Method of Apportionment.

The above services shall be limited to those provided within the boundaries of CFD No. 26-1M (Highland Hills) or for the benefit of the properties within the boundaries of the CFD, and said services may be financed by proceeds of the special tax of the CFD only to the extent that they are in addition to those provided in the territory of the CFD before CFD No. 26-1M (Highland Hills) was created.

The services listed herein are representative of the types of services authorized to be financed by Community Facilities District No. 26-1M (Highland Hills). Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the County of Riverside. Addition, deletion, or modification of descriptions of the services may be made consistent with the requirements of the Board of Supervisors of the County of Riverside, the Community Facilities District No. 26-1M, and the Act.

The estimated annual cost of providing services at build-out for the subject properties are detailed below. The services funded by the special taxes of the CFD No. 26-1M (Highland Hills), as outlined above, will be as follows:

Estimated Cost of Service

Special Tax A Service Costs - the costs to be covered shall be the direct costs for maintenance services including but not limited to (i) landscaping, (ii) street lighting maintenance, (iii) trail maintenance, and (iv) maintenance and operation of water quality improvements, (v) fund an operating reserve for the costs of Services as determined by the Administrator, and (vi) Administrative Expenses.

The estimate breaks down the costs of providing one year's maintenance services for Fiscal Year 2025-26. These services are being funded by the levy of a Special Tax A for Community Facilities District No. 26-1M (Highland Hills).

**Table 3-1
Cost Estimate – Special Tax A**

Item	Description	Estimated Cost
1	Landscaping	\$6,679
2	Street Lighting	\$16,949
3	Drainage	\$150,461
4	Trails	\$15,562
5	Reserves	\$47,468
6	Administration	\$28,734
Total		\$265,853

Special Tax B Service Costs - the costs to be covered shall be the direct costs for maintenance services including but not limited to (i) landscaping, (ii) street lighting maintenance, (iii) trail maintenance, and (iv) fund an operating reserve for the costs of Services as determined by the Administrator, and (v) Administrative Expenses.

The estimate breaks down the costs of providing one year's maintenance services for Fiscal Year 2025-26. These services are being funded by the levy of Special Tax B for Community Facilities District No. 26-1M (Highland Hills).

**Table 3-2
Cost Estimate – Special Tax B**

Item	Description	Estimated Cost
1	Landscaping	\$26,720
2	Street Lighting	\$1,681
3	Trails	\$5,879
4	Reserves	\$5,151
5	Administration	\$2,297
Total		\$41,728

¹ Special Tax B costs represent only those portions of above categories attributable to Maintenance Set MS 4457.

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Escalation of Maximum Special Taxes

Maximum Special Tax – On each July 1, 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 of the corresponding Maximum Special Tax in effect in the previous Fiscal Year at the sole discretion of the Administrator.

Maximum Special Tax B On each July 1, 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 of the corresponding Maximum Special Tax B in effect in the previous Fiscal Year at the sole discretion of the Administrator.

Incidental Costs

The cost of the services shall include incidental expenses, including costs associated with formation of the CFD, determination of the amount of the special tax, collection of the special tax, payment of the special tax, costs incurred in order to carry out the authorized purposes of the CFD, and the costs of engineering, inspecting, coordinating, completing, planning, and designing the services, including the costs of environmental evaluations.

The following incidental expenses are examples of those that may be incurred in the formation of the CFD:

- ◆ Engineering services,
- ◆ Publishing, mailing and posting of notices
- ◆ Governmental notification and filing costs,
- ◆ Election costs, and
- ◆ Charges and fees of the County of Riverside other than those waived.

The CFD includes one tract that will consist of 163 future residential units located in the unincorporated Riverside County on approximately 96 gross acres. The property is generally located north of El Sobrante Rd, east of McAllister St, south of Compass Dr, and west of Vista Del Lago Dr. The CFD includes Assessor Parcel Number:

Assessor's Parcel Number
270-070-005
270-070-006
270-070-007
270-160-005

The boundaries of the CFD are those properties and parcels where services are authorized to be provided and upon which special taxes may be levied in order to pay for the costs and expenses of said services. A general description of the area within the boundaries of the CFD is attached as Appendix B.

For details concerning the line and dimensions of the Assessor's Parcel Numbers refer to Riverside County Assessor's Maps. If any parcel submitted for collection is identified by the County Auditor-Controller to be an invalid parcel number for the current fiscal year, a corrected parcel number and/or new parcel number (or numbers) will be identified and resubmitted to the County Auditor- Controller. The special tax amount to be levied and collected for the resubmitted parcel and/or new parcel number(s) shall be based on the method of apportionment as defined in this Report. Therefore, if a single parcel has changed to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and the special tax rate rather than as a proportionate share of the original special tax.

A reduced scale map showing the boundaries of the CFD is provided as Appendix B. A full-scale map is on file with the Clerk of the Board of Supervisors of Riverside County and was recorded with Riverside County Recorder on April 30, 2026, as Instrument No. 2026-0131251 in Book 99 of Maps of Assessment and Community Facilities Districts at Page 44.

The Rate and Method of Apportionment allows each property owner within Community Facilities District No. 26-1M (Highland Hills) to estimate the annual Special Tax amount that would be required for payment. The Rate and Method of Apportionment of the Special Tax established pursuant to these proceedings, is attached hereto as Appendix A (the "Rate and Method"). The Special Tax will 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 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, 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.

Distinction Between Special Tax A and Special Tax B

Special Tax A represents the primary funding mechanism for the CFD and is intended to fund the ongoing maintenance and operation of public improvements and related administrative costs within the CFD. Special Tax A is expected to be levied annually in perpetuity unless otherwise terminated by the County.

Special Tax B represents a secondary and more limited funding component intended to fund the maintenance, operation, repair, and replacement of specific improvements identified at the time of CFD formation. Special Tax B is levied only so long as such improvements require funding through the CFD and may be terminated upon acceptance of such improvements by another public agency, property owners association, or alternative funding mechanism, as determined by the County.

This two-component structure allows the CFD to separately account for general maintenance obligations and more specific or transitional maintenance responsibilities associated with particular improvements.

All of the property located within the CFD, unless exempted by law or by the Rate and Method proposed for the CFD, shall be taxed for the purpose of providing necessary services to serve the CFD.

Maximum Special Tax on each July 1, 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 of the corresponding Maximum Special Tax in effect in the previous Fiscal Year at the sole discretion of the Administrator.

Pursuant to Section 53325.3 of the Act, the tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax may be based on the benefit received by property, the cost of making facilities or authorized services available or other reasonable basis as determined by the Board, although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

For particulars as to the Rate and Method for Community Facilities District No. 26-1M (Highland Hills), see the attached and incorporated in Appendix A.

Based on the information provided herein, it is my opinion that the described services herein are those that are necessary to meet increased demands placed upon the County of Riverside as a result of development occurring within the CFD No. 26-1M (Highland Hills) and benefits the lands within said CFD. Further, it is my opinion that the special tax rates and method of apportionment, as set forth herein, are fair and equitable, uniformly applied and not discriminating or arbitrary.

Date: June 2, 2026

SPICER CONSULTING GROUP, LLC



SHANE SPICER
SPECIAL TAX CONSULTANT FOR
CFD NO. 26-1M (HIGHLAND HILLS)
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA



Appendix A:

Rate and Method of Apportionment

**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.



Appendix B:
Boundary Map

COPY

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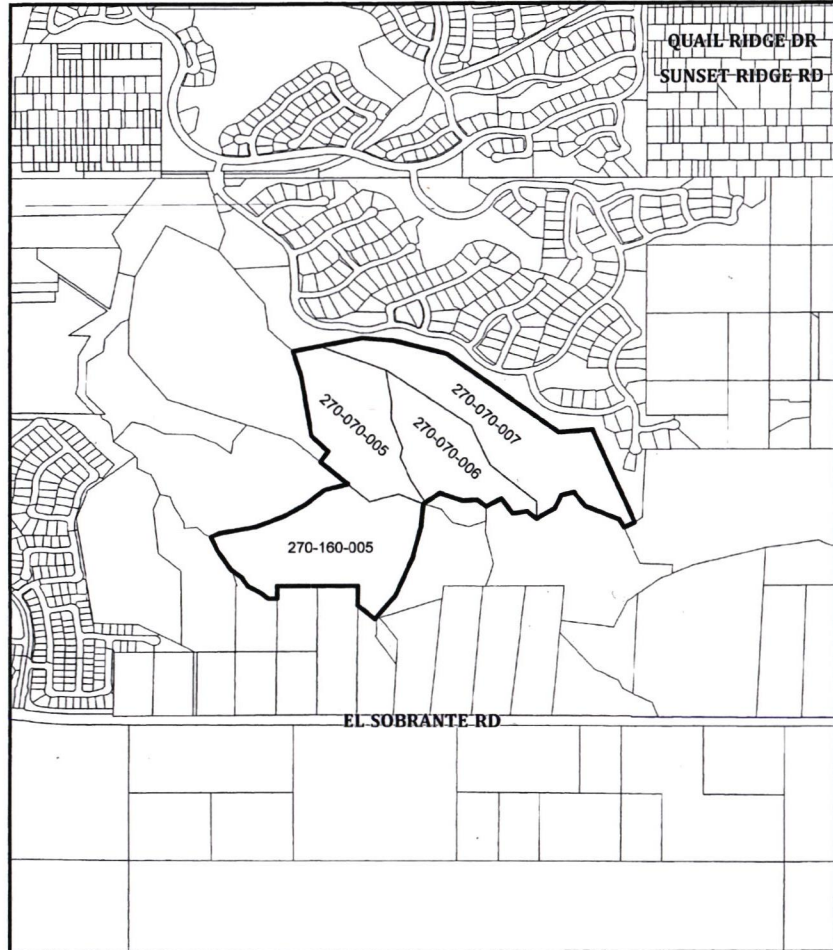
PROPOSED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 26-1M
(HIGHLAND HILLS)
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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 28TH DAY OF April, 2026, BY RESOLUTION NO. 2026-013


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 28TH DAY OF April, 2026.


CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE






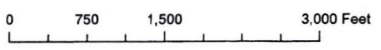
FILED THIS 30 DAY OF April, 2026 AT THE HOUR OF 12:30 O'CLOCK P.M. IN BOOK 99 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 44, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: \$9.00 NO.: 2026-0131251
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.



Appendix C:
Resolution of Intention

2 RESOLUTION NO. 2026-013

3
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]* 4/16/26
STEPHANIE K. NELSON DATE

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.

8
9 **ADOPTED, SIGNED AND APPROVED** this 28th day of April, 2026, by the Board of
10 Supervisors of the County of Riverside.

11 //

12 //

13
14
15 Karen S. Spiegel
16 Karen Spiegel
Chair of the Board of Supervisors

17 ATTEST:

18
19 Kimberley A. Rector

20 Clerk of the Board of Supervisors

21
22 By:  _____

23 Deputy

2
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

13
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

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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 within the boundaries of the CFD.

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.



S P I C E R

CONSULTING GROUP

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 trails; 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.

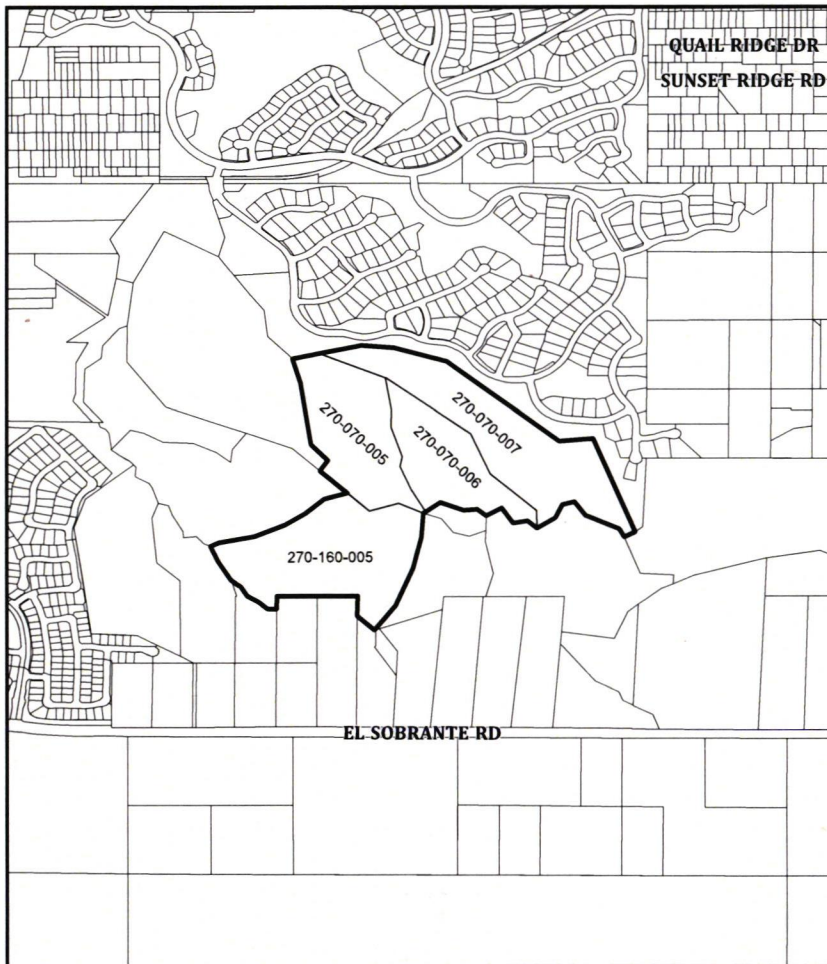
PROPOSED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 26-1M
(HIGHLAND HILLS)
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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






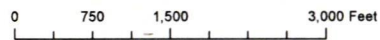
FILED THIS ____ DAY OF _____, 20____ AT THE HOUR OF ____ O'CLOCK ____ M IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

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.



RIVERSIDE COUNTY
OFFICE OF ECONOMIC DEVELOPMENT

CONCURRENCE OF ELECTION OFFICIAL IN
DATE OF SPECIAL ELECTION

I, Suzanne Holland, Director of the County of Riverside Office of Economic Development (the "County"), hereby certify as follows:

(a) I am the election official responsible for conducting special elections in the County; and

(b) Pursuant to California Government Code Section 53326(a), I do hereby concur in the holding of a special election on Tuesday, June 2, 2026, for the purpose of submitting to the qualified electors of proposed Community Facilities District No. 26-1M (Highland Hills) of the County of Riverside (the "District") the proposition to levy a Special Tax within the District and to establish an appropriations limit for the District, as provided in Resolution No. 2026-013, proposed to be adopted by the Riverside County Board of Supervisors on June 2, 2026.

Dated: May 5th, 2026



SUZANNE HOLLAND
Election Official

RIVERSIDE COUNTY

OFFICE OF ECONOMIC DEVELOPMENT

3403 10TH STREET, SUITE 400, RIVERSIDE, CA 92501 | (951) 955-8916

