OFFICIAL BALLOT

COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY-WEST ELM) OF THE CITY OF PERRIS, IMPROVEMENT AREA NO. 1

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION

July 31, 2018

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

This ballot is provided to KB HOME Coastal Inc., a California corporation, as sole owner or authorized representative of such sole owner of 35.71 acres of land within Improvement Area No. 1 of Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris and represents 36 votes. If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North “D” Street, Perris, California 92570.

PROPOSITION A: Shall Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris on behalf of Improvement Area No. 1 incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of $6,500,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto; (2) the payment of development and other fees and the acquisition or construction of public facilities (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (3) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris (the “Incidental Expenses”), as provided in the Resolution of the City Council of the City of Perris establishing the Community Facilities District No. 2018-1, (Green Valley-West Elm) of the City of Perris (the “Resolution”); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris pursuant to Article XIIIIB of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES ☐

NO ☐

____________________________________
Signature

____________________________________
Name

61006.6095-4830202
OFFICIAL BALLOT

COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY-WEST ELM) OF THE CITY OF PERRIS, IMPROVEMENT AREA NO. 2

SPECIAL BOND, TAX AND APPROPRIATIONS LIMIT ELECTION
July 31, 2018

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

This ballot is provided to Green Valley Recovery Acquisition, LLC, a Delaware limited liability company, as sole owner or authorized representative of such sole owner of 37.67 acres of land within Improvement Area No. 2 of Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris and represents 38 votes. If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Perris at 101 North “D” Street, Perris, California 92570.

PROPOSITION B: Shall Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris on behalf of Improvement Area No. 2 incur an indebtedness and be authorized to issue bonds in the maximum aggregate principal amount of $6,500,000 with interest at a rate or rates established at such time as the bonds are sold in one or more series at fixed or variable interest rates, however not to exceed any applicable statutory rate for such bonds, the proceeds of which will be used to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including all furnishings, equipment and supplies related thereto; (2) the payment of development and other fees and the acquisition or construction of public facilities (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (3) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris (the “Incidental Expenses”), as provided in the Resolution of the City Council of the City of Perris establishing the Community Facilities District No. 2018-1, (Green Valley-West Elm) of the City of Perris (the “Resolution”); and shall a Special Tax be levied to pay the principal of and interest on such indebtedness and bonds and to pay directly the cost of acquisition and construction of Facilities and Incidental Expenses as authorized in the Resolution; and shall an appropriations limit be established for Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris pursuant to Article XIIIB of the California Constitution, said appropriations limit to be equal to the amount of all proceeds of the special tax collected annually, as adjusted for changes in the cost of living and changes in population?

YES □

NO □

______________________________
Signature

______________________________
Name

01006:0995/483020.2
CFD Report

City of Perris
Community Facilities District
No. 2018-1 (Green Valley – West Elm)

June 2018

Prepared by:
WILLDAN Financial Services
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I. Introduction

WHEREAS, the City Council of the City of Perris (hereinafter referred to as the “City Council”), in the State of California, did, pursuant to the terms and provisions of Chapter 2.5 of Part 1, of Division 2, of Title 5 of the Government Code of the State of California, as amended (the “Act”), adopt a Resolution of Intention for the proposed formation of City of Perris Community Facilities District No. 2018-1 (Green Valley - West Elm) (“CFD No. 2018-1”).

WHEREAS, this Community Facilities District Report (“Report”) is being provided to the City Council and generally contains the following:

1. A brief description of CFD No. 2018-1;

2. A brief description of the Facilities (defined below) required at the time of formation to meet the needs of CFD No. 2018-1.

3. A brief description of the boundaries of CFD No. 2018-1; and

4. An estimate of the cost of financing the bonds used to pay for the Facilities, including all costs associated with formation of CFD No. 2018-1, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to CFD No. 2018-1, and any other incidental expenses to be paid through the proposed financing.

For particulars, reference is made to the Resolution of Intention, Resolution No. 5303, as previously approved. All capitalized terms not defined herein are defined in the Rate and Method of Apportionment of Special Tax section (Exhibits C and D) of this report.

NOW THEREFORE Willdan Financial Services, the appointed responsible firm directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following:
II. General Description & Boundaries of CFD No. 2018-1

A description of the exterior boundaries of the territory proposed for inclusion in CFD No. 2018-1, including properties and parcels of land proposed to be subject to the levy of a Special Tax by CFD No. 2018-1, is shown on the boundary maps designated as "PROPOSED BOUNDARIES OF IMPROVEMENT AREA 1 OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY), COUNTY OF RIVERSIDE, STATE OF CALIFORNIA" and "PROPOSED BOUNDARIES OF IMPROVEMENT AREA 2 OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY), COUNTY OF RIVERSIDE, STATE OF CALIFORNIA" which are on file in the office of the Clerk of the City Council of the City of Perris and was recorded with the County Recorder of the County of Riverside on June 20, 2018 in Book 82 of Maps of Assessment and Community Facilities Districts at Pages 64-65 and as Instrument Number 2018-0249740 and 2018-0249741. Copies of the maps are attached hereto as Exhibit A and hereby incorporated by reference.
III. Description of Facilities

The General Description of the Facilities that may be acquired or constructed is as follows:

- Street facilities, including but not limited to roadways and bridges;
- Backbone infrastructure, including but not limited to sewer, water, reclaimed water, storm drains and dry utilities;
- Landscaping improvements, including but not limited to street and parkway landscaping, curb and gutter, medians and median landscaping;
- Transportation improvements, including but not limited to traffic signals and entry signage;
- Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of any costs advanced by the City or any related entity, or any landowner or developer within the District, for facilities or other purposes or costs of the District.

This description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in the Report.

This description of the public capital facilities is general in nature. The final nature and location of the improvements will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in this Report.
IV. Description of Maintenance Districts

The General Description of the Maintenance Districts that the Project will be required to annex into are as follows:

City of Perris Community Facilities District No. 1-S

- CFD No. 1-S was formed to provide Police Protection, Fire Protection/Paramedic, and Park Maintenance services. The amount charged will be the same for both Improvement Areas (See Appendix E for Rates)

City of Perris Landscape Maintenance District No. 1

- The Landscape Maintenance District pays for the maintenance and landscaping improvements. The amount charged will be the same for both Improvement Areas (See Appendix E for Rates)

City of Perris Maintenance District 84-1

- The Maintenance District pays for the maintenance and improvement to the street lighting and traffic signal system. Maintenance includes but not limited to removal, repair, replacement or relocation of light standards, traffic signals, poles, bulbs, fixtures, circuits and all appurtenances. The amount charged will be the same for both Improvement Areas (See Appendix E for Rates)

City of Perris Flood Control Maintenance District No. 1

- The Flood Control Maintenance District pays for the flood control improvements to be maintained include the interior streets and storm drain facilities. These facilities include the storm drains, catch basins, cleanouts and appurtenances. The amount charged in Improvement Area 1 will be $811.04 and $802.62 for parcels in improvement Area 2. (See Appendix E for Rates)
V. Cost Estimates

The proceeds of CFD No. 2018-1 will be used to fund public facilities as described in Exhibit B of this Report.

The estimated annual budget for CFD 2018-1 is approximately $332,878,250 which is shown in Exhibit B. This includes $32,878,250 for the following items: landscape maintenance, including irrigation; inspection, operation and maintenance of storm water quality facilities; maintenance of walls, fencing, and trails; and maintenance of roads, traffic signals and undergrounding power lines.

In addition, the budget includes $500,000 for CFD formation costs incurred by the City.
VI. Rate and Method of Apportionment of Special Tax

The Rate and Method of Apportionment (RMA) for each improvement area provides sufficient information to allow a property owner within CFD No. 2018-1 to estimate the Maximum Special Tax for his or her property. It also includes method of prepayment in full or prepayment in part and the procedure for prepayments.

For particulars on the rate and method of apportionment for each improvement area, reference is made to Exhibit C and Exhibit D of this report.
EXHIBIT A

Boundary Maps
MAP OF PROPOSED BOUNDARIES OF
IMPROVEMENT AREA 1 OF
COMMUNITY FACILITIES DISTRICT NO. 2018-1
(GREEN VALLEY)
CITY OF PERRIS
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA


PETER ALDANA, ASSESSOR-COMMISSIONER
COUNTY RECORDED
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

THIRD PROVISION
THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THOSE LINES AND DIMENSIONS SHOWN ON THE RIVERSIDE COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.
THE RIVERSIDE COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

MAP REFERENCE
PARCEL NUMBER
1 330-150-011
2 330-150-012
3 330-150-013
EXHIBIT B
Preliminary CFD Budget

Green Valley - CFD 2018-1
List of Approved Facilities

<table>
<thead>
<tr>
<th>Improvement Facility</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backbone Storm Drain Connections (Ethanac, Murrieta, Green Valley Parkway)</td>
<td>$603,750</td>
</tr>
<tr>
<td>Green Valley Parkway Storm Drain</td>
<td>$1,680,000</td>
</tr>
<tr>
<td>Ethanac Traffic Signals</td>
<td>$892,500</td>
</tr>
<tr>
<td>Goetz Traffic Signal</td>
<td>$367,500</td>
</tr>
<tr>
<td>Street Lighting in Ethanac, Goetz, West Elm, Green Valley Parkway, and Murrieta</td>
<td>$1,732,500</td>
</tr>
<tr>
<td>Master Backbone Landscaping - Architectural Details</td>
<td>$1,785,000</td>
</tr>
<tr>
<td>Master Backbone Landscaping</td>
<td>$4,882,500</td>
</tr>
<tr>
<td>Dry Utilities in Green Valley Parkway, Murrieta, and West Elm</td>
<td>$4,305,000</td>
</tr>
<tr>
<td>Undergrounding Ethanac and Murrieta Power Lines</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Green Valley Parkway Bridge</td>
<td>$4,987,500</td>
</tr>
<tr>
<td>Ethanac Road (Median, Road Contribution, Fencing, Sidewalk)</td>
<td>$2,972,000</td>
</tr>
<tr>
<td>West Elm Street Improvements</td>
<td>$1,732,500</td>
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<tr>
<td>Greet Valley Parkway Street Improvements (West Elm to Murrieta)</td>
<td>$3,937,500</td>
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<tr>
<td>CFD Formation Costs</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32,878,250</strong></td>
</tr>
</tbody>
</table>
EXHIBIT C
Rate and Method of Apportionment
CFD No. 2018-1
Improvement Area No. 1
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2018-1
(GREEN VALLEY)
IMPROVEMENT AREA 1

A Special Tax shall be levied on all Taxable Property within the boundaries of Improvement Area 1 of Community Facilities District No. 2018-1 (Green Valley) of the City of Perris ("CFD No. 2018-1 IA1") and collected each Fiscal Year commencing in Fiscal Year 2018-19, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2018-1 IA1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.


“Administrative Expenses” means the following actual or reasonably estimated costs related to the administration of CFD No. 2018-1 IA1 including, but not limited to: the costs of preparing and computing the Annual Special Tax (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2018-1 IA1, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof related to an appeal of the Special Tax; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2018-1 IA1 for any other administrative purposes of CFD No. 2018-1 IA1, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

“Annual Special Tax” means the Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

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

“Assessor’s Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.
“Assessor’s Parcel Map” means an official map of the Assessor designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Special Tax of that name described in Section 3.A below.

“Backup Special Tax” means the Special Tax of that name described in Section 3.B below.

“Bonds” means any bonds or other Debt of CFD No. 2018-1 IA1, whether in one or more series, secured by the levy of Special Taxes.

“Building Permit” means a building permit for construction of a Residential Unit within CFD No. 2018-1 IA1 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

“CFD No. 2018-1 IA1” means the Community Facilities District No. 2018-1 (Green Valley) Improvement Area No. 1 of the City of Perris.

“City” means the City of Perris, California.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2018-1 IA1 under the Act.

“County” means the County of Riverside, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property, provided that the levy of the Annual Special Tax after such reclassification shall not be less than 1.1 times the annual Debt Service less Administrative Expenses on all Outstanding Bonds. If Bonds have not been issued, an Assessor’s Parcel classified as Developed
Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Undeveloped Property.

"Exempt Property" means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

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

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1 under Section 3 below.

"Lot" means a parcel created by a Final Map on which a Residential Unit can be constructed.

"Maximum Special Tax" means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

"Non-Residential Property" means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential units or facilities.

"Outstanding Bonds" means all Bonds, which are deemed to be outstanding under the Indenture.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel as described in Section 6.A below.

"Property Owner Association Property" means any Assessor’s Parcel within the boundaries of CFD No. 2018-1 IA1 owned in fee by a property owner association, including any master or sub-association.

"Proportionately" or "Proportionate" means for Developed Property, that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

"Provisional Property" means all Assessor’s Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

"Public Property" means any property within the boundaries of CFD No. 2018-1 IA1, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.
“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Special Tax” means any special tax levied within CFD No. 2018-1 IA1 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2018-1 IA1.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2013-1 IA1, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2018-19, each Assessor’s Parcel within CFD No. 2018-1 IA1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property shall be classified according to its applicable Land Use Class based on its Building Square Footage.
3. SPECIAL TAX RATES

A. Assigned Special Tax for Developed Property

The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property commencing in Fiscal Year 2018-19 shall be determined pursuant to Table 1 below.

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Land Use Type</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential Property</td>
<td>&gt; 2,700</td>
<td>$1,838 per Residential Unit</td>
</tr>
<tr>
<td>2</td>
<td>Residential Property</td>
<td>2,401 – 2,700</td>
<td>$1,635 per Residential Unit</td>
</tr>
<tr>
<td>3</td>
<td>Residential Property</td>
<td>2,201 – 2,400</td>
<td>$1,486 per Residential Unit</td>
</tr>
<tr>
<td>4</td>
<td>Residential Property</td>
<td>1,701 – 2,200</td>
<td>$1,211 per Residential Unit</td>
</tr>
<tr>
<td>5</td>
<td>Residential Property</td>
<td>≤ 1,700</td>
<td>$1,093 per Residential Unit</td>
</tr>
</tbody>
</table>

B. Backup Special Tax for Developed Property

The Backup Special Tax for Developed Property commencing in Fiscal Year 2018-19 shall be $9,786 per Acre.

For the purpose of calculating the Backup Special Tax, the land area applicable to a Condominium shall be computed from the Acreage of the Lot on which the Condominium is located, with the Acreage for such Lot allocated equally among all of the Condominiums located or to be located on such Lot.

C. Maximum Special Tax for Developed Property

The Maximum Special Tax for Developed Property shall be the greater of the Assigned Special Tax for Developed Property and the Backup Special Tax for Developed Property.
D. Maximum Special Tax for Provisional Property and Undeveloped Property

The Maximum Special Tax for Provisional Property and Undeveloped Property commencing in Fiscal Year 2018-19 shall be $9,786 per Acre.

4. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2018-19, the CFD Administrator shall levy the Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at 100% of the applicable Assigned Special Tax;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Property up to 100% of the Maximum Special Tax for Provisional Property;

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax amount determined in Step 1 shall be increased Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the Maximum Special Tax for Developed Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor’s Parcel within CFD No. 2018-1 IA1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

5. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Annual Special Taxes.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

A. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The following definitions apply to this Section 6:

“CFD Public Facilities Costs” means $2,650,000 or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the Act and financing program for CFD No. 2018-1 IA1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).
"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2018-1 IA1.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund that are expected to be available to finance CFD Public Facilities Costs.

"Outstanding Bonds" means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax prepayments.

"Previously Issued Bonds" means all Bonds that have been issued prior to the date of prepayment.

The Special Tax Obligation applicable to an Assessor’s Parcel of Developed Property, or Undeveloped Property for which a Building Permit has been issued may be prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay, and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request, and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for the CFD No. 2018-1 IA1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined in Step 14 below) shall be calculated as follows:

Step No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, determine the Maximum Special Tax. For Assessor’s Parcels of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor’s Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total expected Maximum Special Tax revenue for CFD No. 2018-1 IA1 assuming all Building Permits have been issued (build-out) within CFD No. 2018-1 IA1, excluding any Assessor’s Parcels for which the Special Tax Obligation has been previously prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid for all applicable parcels and round that amount up to the nearest $5,000 increment (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).


7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the expected redemption date for the Outstanding Bonds which, depending on the Indenture, may be as early as the next interest payment date.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Prepayment Amount and the Prepayment Administrative Fees from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Subtract the amount computed in paragraph 9 from the amount computed in paragraph 8 (the “Defeasance Amount”).

11. Calculate the administrative fees and expenses of CFD No. 2018-1 IA1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2018-1 IA1, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees”).

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment calculation date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if, after the
Prepayment Amount is calculated, reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The amount to prepay the Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12 and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2018-1 IA1.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of CFD No. 2018-1 IA1 Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem CFD No. 2018-1 IA1 Bonds to be used with the next prepayment of CFD No. 2018-1 IA1 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

B. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

\[ PP = (P_e - A) \times F + A \]
These terms have the following meaning:

\[
\begin{align*}
PP &= \text{the partial prepayment} \\
Pe &= \text{the Prepayment Amount calculated according to Section 6.A} \\
F &= \text{the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax Obligation} \\
A &= \text{the Prepayment Administrative Fees and Expenses from Section 6.A}
\end{align*}
\]

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 2018-1 IA1 that there has been a partial prepayment of the Special Tax Obligation and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

7. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to meet the Special Tax Requirement for a period not to exceed forty (40) Fiscal Years commencing with Fiscal Year 2018-19, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on CFD No. 2018-1 IA1 bonds have been paid.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and (v) Assessor's Parcels of Developed Property classified as Non-Residential Property as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA1 to less than 22.16 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA1 to less than 22.16 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2018-1 IA1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.
If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor’s Parcel eligible to be classified as Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

(i) Amend the Special Tax levy on the landowner’s Assessor’s Parcel(s) for the current Fiscal Year prior to the payment date,

(ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or

(iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner’s Assessor’s Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the City Council. Upon the receipt of such notice, the City Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the City Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

The City Council or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Council or designee shall be final.
EXHIBIT D
Rate and Method of Apportionment
CFD No. 2018-1
Improvement Area No. 2
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2018-1
(GREEN VALLEY)
IMPROVEMENT AREA 2

A Special Tax shall be levied on all Taxable Property within the boundaries of Improvement Area 2 of Community Facilities District No. 2018-1 (Green Valley) of the City of Perris ("CFD No. 2018-1 IA2") and collected each Fiscal Year commencing in Fiscal Year 2018-19, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2018-1 IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.


“Administrative Expenses” means the following actual or reasonably estimated costs related to the administration of CFD No. 2018-1 IA2 including, but not limited to: the costs of preparing and computing the Annual Special Tax (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2018-1 IA2, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof related to an appeal of the Special Tax; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2018-1 IA2 for any other administrative purposes of CFD No. 2018-1 IA2, including attorney’s fees and other costs related tocommencing and pursuing any foreclosure of delinquent Special Taxes.

“Annual Special Tax” means the Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

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

“Assessor’s Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.
“Assessor’s Parcel Map” means an official map of the Assessor designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Special Tax of that name described in Section 3.A below.

“Backup Special Tax” means the Special Tax of that name described in Section 3.B below.

“Bonds” means any bonds or other Debt of CFD No. 2018-1 IA2, whether in one or more series, secured by the levy of Special Taxes.

“Building Permit” means a building permit for construction of a Residential Unit within CFD No. 2018-1 IA2 issued by the City.

“Building Square Footage” means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

“CFD No. 2018-1 IA2” means the Community Facilities District No. 2018-1 (Green Valley) Improvement Area No. 2 of the City of Perris.

“City” means the City of Perris, California.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2018-1 IA2 under the Act.

“County” means the County of Riverside, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property, provided that the levy of the Annual Special Tax after such reclassification shall not be less than 1.1 times the annual Debt Service less Administrative Expenses on all Outstanding Bonds. If Bonds have not been issued, an Assessor’s Parcel classified as Developed
Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Undeveloped Property.

"Exempt Property" means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

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

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1 under Section 3 below.

"Lot" means a parcel created by a Final Map on which a Residential Unit can be constructed.

"Maximum Special Tax" means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

"Non-Residential Property" means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential units or facilities.

"Outstanding Bonds" means all Bonds, which are deemed to be outstanding under the Indenture.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel as described in Section 6.A below.

"Property Owner Association Property" means any Assessor’s Parcel within the boundaries of CFD No. 2018-1 IA2 owned in fee by a property owner association, including any master or sub-association.

"Proportionately" or "Proportionate" means for Developed Property, that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

"Provisional Property" means all Assessor’s Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.

"Public Property" means any property within the boundaries of CFD No. 2018-1 IA2, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency, provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.
“Residential Property” means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Special Tax” means any special tax levied within CFD No. 2018-1 IA2 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2018-1 IA2.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2018-1 IA2, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2018-19, each Assessor’s Parcel within CFD No. 2018-1 IA2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor's Parcel of Developed Property shall be classified according to its applicable Land Use Class based on its Building Square Footage.

3. SPECIAL TAX RATES

A. Assigned Special Tax for Developed Property

The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property commencing in Fiscal Year 2018-19 shall be determined pursuant to Table 1 below.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Assigned Special Tax Rates</th>
</tr>
</thead>
</table>

WILLDAN
<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Land Use Type</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential Property</td>
<td>&gt; 2,400</td>
<td>$1,756 per Residential Unit</td>
</tr>
<tr>
<td>2</td>
<td>Residential Property</td>
<td>2,201 – 2,400</td>
<td>$1,551 per Residential Unit</td>
</tr>
<tr>
<td>3</td>
<td>Residential Property</td>
<td>2,001 – 2,200</td>
<td>$1,409 per Residential Unit</td>
</tr>
<tr>
<td>4</td>
<td>Residential Property</td>
<td>≤ 2,000</td>
<td>$1,180 per Residential Unit</td>
</tr>
</tbody>
</table>

B. Backup Special Tax for Developed Property

The Backup Special Tax for Developed Property commencing in Fiscal Year 2018-19 shall be $9,985 per Acre.

For the purpose of calculating the Backup Special Tax, the land area applicable to a Condominium shall be computed from the Acreage of the Lot on which the Condominium is located, with the Acreage for such Lot allocated equally among all of the Condominiums located or to be located on such Lot.

C. Maximum Special Tax for Developed Property

The Maximum Special Tax for Developed Property shall be the greater of the Assigned Special Tax for Developed Property and the Backup Special Tax for Developed Property.
D. Maximum Special Tax for Provisional Property and Undeveloped Property

The Maximum Special Tax for Provisional Property and Undeveloped Property commencing in Fiscal Year 2018-19 shall be $9,985 per Acre.

4. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2018-19, the CFD Administrator shall levy the Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at 100% of the applicable Assigned Special Tax;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Property up to 100% of the Maximum Special Tax for Provisional Property;

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax amount determined in Step 1 shall be increased Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the Maximum Special Tax for Developed Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor’s Parcel within CFD No. 2018-1 IA2 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

5. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Annual Special Taxes.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

A. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The following definitions apply to this Section 6:

“CFD Public Facilities Costs” means $2,950,000 or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the Act and financing program for CFD No. 2018-1 IA2, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).
"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2018-1 IA2.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund that are expected to be available to finance CFD Public Facilities Costs.

"Outstanding Bonds" means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax prepayments.

"Previously Issued Bonds" means all Bonds that have been issued prior to the date of prepayment.

The Special Tax Obligation applicable to an Assessor’s Parcel of Developed Property, or Undeveloped Property for which a Building Permit has been issued may be prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay, and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request, and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for the CFD No. 2018-1 IA2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined in Step 14 below) shall be calculated as follows:

**Step No.**:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor's Parcels of Developed Property, determine the Maximum Special Tax. For Assessor's Parcels of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total expected Maximum Special Tax revenue for CFD No. 2018-1 IA2 assuming all Building Permits have been issued (build-out) within CFD No. 2018-1 IA2, excluding any Assessor's Parcels for which the Special Tax Obligation has been previously prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid for all applicable parcels and round that amount up to the nearest $5,000 increment (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").


7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the expected redemption date for the Outstanding Bonds which, depending on the Indenture, may be as early as the next interest payment date.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Prepayment Amount and the Prepayment Administrative Fees from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Subtract the amount computed in paragraph 9 from the amount computed in paragraph 8 (the "Defeasance Amount").

11. Calculate the administrative fees and expenses of CFD No. 2018-1 IA2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2018-1 IA2, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees").

12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment calculation date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if, after the
Prepayment Amount is calculated, reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

14. The amount to prepay the Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12 and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2018-1 IA2.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of CFD No. 2018-1 IA2 Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem CFD No. 2018-1 IA2 Bonds to be used with the next prepayment of CFD No. 2018-1 IA2 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

**B. Partial Prepayment**

The Special Tax on an Assessor’s Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

\[ PP = (P_T - A) \times F + A \]
These terms have the following meaning:

\[ PP = \text{the partial prepayment} \]
\[ Pe = \text{the Prepayment Amount calculated according to Section 6.A} \]
\[ F = \text{the percentage by which the owner of the Assessor’s Parcel(s) is partially prepaying the Special Tax Obligation} \]
\[ A = \text{the Prepayment Administrative Fees and Expenses from Section 6.A} \]

The owner of any Assessor’s Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor’s Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor’s Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 2018-1 IA2 that there has been a partial prepayment of the Special Tax Obligation and that a portion of the Special Tax with respect to such Assessor’s Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax, shall continue to be levied on such Assessor’s Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

7. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to meet the Special Tax Requirement for a period not to exceed forty (40) Fiscal Years commencing with Fiscal Year 2018-19, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on CFD No. 2018-1 IA2 bonds have been paid.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels of Public Property, (ii) Assessor’s Parcels of Property Owner Association Property, or (iii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and (v) Assessor’s Parcels of Developed Property classified as Non-Residential Property as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA2 to less than 24.53 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA2 to less than 24.53 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2018-1 IA2 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.
If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor’s Parcel eligible to be classified as Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

(i) Amend the Special Tax levy on the landowner’s Assessor’s Parcel(s) for the current Fiscal Year prior to the payment date,

(ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or

(iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner’s Assessor’s Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the City Council. Upon the receipt of such notice, the City Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the City Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

The City Council or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Council or designee shall be final.
EXHIBIT E

Estimated Tax Rates

CFD No. 2018-1
### Estimated Effective Tax Rates

City of Perris CFD No. 2018-1 (Green Valley)

<table>
<thead>
<tr>
<th>Ad Valorem Taxes 1</th>
<th>Fixed Rate Levies 1</th>
<th>IA-1</th>
<th>IA-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Property Tax Rate</td>
<td>1.0000%</td>
<td>$2.70</td>
<td>$2.70</td>
</tr>
<tr>
<td>Perris Union High School District</td>
<td>0.0567%</td>
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<td>$6.94</td>
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<tr>
<td>Mt. San Jacinto Community College District</td>
<td>0.01320%</td>
<td>$26.00</td>
<td>$26.00</td>
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<tr>
<td>Metropolitan Water District East</td>
<td>0.0005%</td>
<td>$389.16</td>
<td>$389.16</td>
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<tr>
<td>Total Ad Valorem Taxes</td>
<td>1.07545%</td>
<td>$615.28</td>
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City of Perris CFD No. 2018-1 (Green Valley)

<table>
<thead>
<tr>
<th>Land Use and Special Tax Class</th>
<th>No. 1 Units</th>
<th>Base Price 2</th>
<th>Maximum Special Tax 2</th>
<th>Ad Valorem Taxes</th>
<th>Other Fixed Rate Levies</th>
<th>Total Levies</th>
<th>Excluding CFD</th>
<th>Including CFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Property (&lt; 1,700 sq. ft.)</td>
<td>18</td>
<td>$322,800</td>
<td>$1,093</td>
<td>$3,465</td>
<td>$1,897</td>
<td>$6,455</td>
<td>1.6612%</td>
<td>1.9998%</td>
</tr>
<tr>
<td>Residential Property (1,700 - 2,200 sq. ft.)</td>
<td>36</td>
<td>$335,500</td>
<td>$1,211</td>
<td>$3,601</td>
<td>$1,897</td>
<td>$6,710</td>
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<td>1.9999%</td>
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<tr>
<td>Residential Property (2,001 - 2,400 sq. ft.)</td>
<td>18</td>
<td>$365,200</td>
<td>$1,486</td>
<td>$8,920</td>
<td>$1,897</td>
<td>$10,151</td>
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<tr>
<td>Residential Property (2,401 - 2,700 sq. ft.)</td>
<td>36</td>
<td>$381,300</td>
<td>$1,635</td>
<td>$4,093</td>
<td>$1,897</td>
<td>$7,555</td>
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<tr>
<td>Residential Property (&gt; 2,700 sq. ft.)</td>
<td>37</td>
<td>$403,200</td>
<td>$1,838</td>
<td>$4,328</td>
<td>$1,897</td>
<td>$8,062</td>
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City of Perris CFD No. 2018-1 (Green Valley)

<table>
<thead>
<tr>
<th>Land Use and Special Tax Class</th>
<th>IA-2 Units</th>
<th>Base Price 2</th>
<th>Maximum Special Tax 2</th>
<th>Ad Valorem Taxes</th>
<th>Other Fixed Rate Levies</th>
<th>Total Levies</th>
<th>Excluding CFD</th>
<th>Including CFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Property (&lt; 2,000 sq. ft.)</td>
<td>36</td>
<td>$331,300</td>
<td>$1,180</td>
<td>$3,556</td>
<td>$1,889</td>
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<tr>
<td>Residential Property (2,001 - 2,200 sq. ft.)</td>
<td>56</td>
<td>$356,000</td>
<td>$1,409</td>
<td>$3,821</td>
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<tr>
<td>Residential Property (2,201 - 2,400 sq. ft.)</td>
<td>57</td>
<td>$371,300</td>
<td>$1,551</td>
<td>$5,986</td>
<td>$1,889</td>
<td>$8,226</td>
<td>1.5822%</td>
<td>1.9999%</td>
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<tr>
<td>Residential Property (&gt; 2,400 sq. ft.)</td>
<td>20</td>
<td>$393,400</td>
<td>$1,756</td>
<td>$6,223</td>
<td>$1,889</td>
<td>$8,126</td>
<td>1.5536%</td>
<td>2.0100%</td>
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</tbody>
</table>

### Green Valley [Improvement Area 1]

<table>
<thead>
<tr>
<th>Developed Special Taxes</th>
<th>Net Taxable Acres 3</th>
<th>Undeveloped Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeveloped Property</td>
<td>$216,884</td>
<td>$9,786</td>
</tr>
</tbody>
</table>

### Green Valley [Improvement Area 2]

<table>
<thead>
<tr>
<th>Developed Special Taxes</th>
<th>Net Taxable Acres 3</th>
<th>Undeveloped Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undeveloped Property</td>
<td>$244,911</td>
<td>$9,785</td>
</tr>
</tbody>
</table>

1: Based on FY 2017-18 tax bills for subject property and comparable single family homes.
2: Recommended base price provided by Developer. Special Tax rates based on 2.0% maximum effective tax rate.
3: Discounted by 5% to provide a margin of error for development timing and acreage calculations.
RESOLUTION NO. _____


WHEREAS, the City Council (the “Council”) of the City of Perris, California (the “City”), on June 12, 2018, has heretofore adopted its Resolution No. 5303 (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris (the “District”) and Improvement Area No. 1 and Improvement Area No. 2 therein (each an “Improvement Area” and, collectively, the “Improvement Areas”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code of the State of California (the “Act”); and

WHEREAS, it is the intent of the District to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property described in Exhibit “A” hereto and incorporated herein by this reference, including all furnishings, equipment and supplies related thereto; (2) the payment of development and other fees and the acquisition or construction of public facilities (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (3) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”); and

WHEREAS, the Resolution of Intention set July 31, 2018 as the date of the public hearing on the formation of the District; and

WHEREAS, a copy of the Resolution of Intention, incorporating a description and map of the proposed boundaries of the District, the Improvement Areas, the Facilities, and setting forth the rate and method of apportionment and manner of collection of the special tax to be levied within each respective proposed Improvement Area, is on file with the City Clerk and incorporated herein by reference; and

WHEREAS, a report by each City officer who is or will be responsible for the District (the “Report”), has been filed with the Council pursuant to the Resolution of Intention; and

WHEREAS, on July 31, 2018, pursuant to the Resolution of Intention, this Council held said public hearing as required by law and the Act; and
WHEREAS, at said hearing all persons not exempt from the special tax desiring to be heard on all matters pertaining to the formation of the District, including the boundaries of the District, the special tax, and the Facilities, were heard and a full and fair hearing was held, and such matters were not precluded by a majority protest; and

WHEREAS, at said hearing evidence was presented to the Council on said matters before it, and this Council at the conclusion of said hearing is fully advised in the premises;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Perris, as follows:

Section 1. That the above recitals are all true and correct.

Section 2. Pursuant to Section 53325.1(b) of the Government Code, the Council finds and determines that the proceedings prior hereto were valid and in conformity with the requirements of the Act including, without limitation, the following:

(i) Filing of a petition of a landowner requesting institution of proceedings to establish the District;

(ii) Adoption of a Resolution of Intention to establish the District;

(iii) Adoption of a Resolution of Intention to Incur Bonded Indebtedness in an amount not to exceed $6,500,000 within each Improvement Area;

(iv) Publication and mailing of notice of public hearing on the establishment of the District and of the proposed debt issue;

(v) Conducting of a public hearing on the establishment of the District and the Improvement Areas, the proposed public facilities and services and the incurring of the proposed debt, at which time all interested persons or taxpayers not exempt from the special tax were permitted to protest orally or in writing against the establishment of the District and the Improvement Areas, were permitted to file written protests to the regularity or sufficiency of the proceedings, and any person interested, including persons owning property within the District, were permitted to appear and present any matters material to the questions set forth in the Resolution of Intention to Incur Bonded Indebtedness.

Section 3. The Report, as now submitted is hereby approved and is made a part of the record of the hearing, and is ordered kept on file with the transcript of these proceedings and open for public inspection.

Section 4. A community facilities district to be designated “Community Facilities District No. 2018-1 (Green Valley-West Elm) of the City of Perris” is hereby established pursuant to the Act, consisting of Improvement Area No. 1 and Improvement Area No. 2.
Section 5. The description and map of the boundaries of the District on file in the City Clerk’s office and as described in said Resolution of Intention and incorporated herein by reference, shall be the boundaries of the District and the Improvement Areas. The map of the proposed boundaries of the District has been recorded in the Office of the County Recorder of Riverside County, California in Book 82, Page 64 of the Book of Maps of Assessment and Community Facilities Districts, as Document Number 2018-0249740, for Improvement Area No. 1, and Book 82, Page 65 of the Book of Maps of Assessment and Community Facilities Districts, as Document Number 2018-0249741, for Improvement Area No. 2.

Section 6. The type of public facilities authorized to be provided within the District include certain real and other tangible property with an estimated useful life of five years or longer, including public infrastructure facilities, and other governmental facilities which the City is authorized by law to construct, own or operate, within or without the District, which is necessary to meet increased demands placed upon the City as result of development or rehabilitation occurring within the District. The public facilities are more fully described in Exhibit “A” attached hereto and by this reference incorporated herein.

Section 7. Except where funds are otherwise available, there shall be levied annually in accordance with procedures contained in the Act a special tax within each Improvement Area of the District (the “Special Tax”) sufficient to pay for the costs of financing the acquisition and/or construction of the Facilities and Incidental Expenses, including the principal and interest and other periodic costs on bonds or other indebtedness proposed to be issued to finance the Facilities, and Incidental Expenses, the establishment and replenishment of reserve funds, the credit enhancement fees, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax and issuance of the bonds, including any foreclosure proceedings, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees, capitalized interest on bonds, if applicable, election costs and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all other administrative costs of the tax levy and bond issue. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the applicable Improvement Area of the District. In the first year in which such a Special Tax is levied, the levy shall include a sum sufficient to repay to the City all amounts, if any, transferred to the applicable Improvement Area of the District pursuant to Section 53314 of the Act and interest thereon. The schedule of the rate and method of apportionment and manner of collection of the Special Tax within proposed Improvement Area No. 1 and Improvement Area No. 2 of the District is described in detail in Exhibit “B”, attached hereto and by this reference incorporated herein (each, a “Rate and Method”). The Special Tax is based upon the cost of financing the Facilities and Incidental Expenses in the District, the demand that each parcel will place on the Facilities and the benefit (direct and/or indirect) received by each parcel from the Facilities.
Section 8. If the Special Tax of an Improvement Area is levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except to the extent permitted in the applicable Rate and Method; (ii) such special tax shall be levied for a period not to exceed forty (40) years commencing with Fiscal Year 2018-2019, as further described in each Rate and Method; and (iii) under no circumstances will such special tax levied in any fiscal year be increased as a consequence of delinquency or default by the owner of any other parcels within the Improvement Area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquency or default.

Section 9. The Special Tax within each Improvement Area is based on the expected demand that each parcel of real property within each Improvement Area will place on the Facilities and on the benefit that each parcel derives from the right to access the Facilities. The Council hereby determines that the proposed Facilities are necessary to meet the increased demand placed upon the City and the existing infrastructure in the City as a result of the development of land proposed for inclusion of the District. The Council hereby determines the Rate and Method set forth in Exhibit “B” to be reasonable. The Special Tax within an Improvement Area of the District is apportioned to each parcel within each Improvement Area on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not based upon the value or ownership of real property. In the event that a portion of the property within the Improvement Area of District shall become for any reason exempt, wholly or partially, from the levy of the Special Tax, the Council shall, on behalf of the District, increase the levy to the extent necessary upon the remaining property within the Improvement Area of the District which is not delinquent or exempt in order to yield the required payments, subject to the maximum tax.

Section 10. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the City Council hereby establishes the following accountability measures pertaining to the levy by the District of the Special Tax described in Section 7 above:

(i) Such Special Tax shall be levied for the specific purposes set forth in Section 7 hereof.

(ii) The proceeds of the levy of such Special Tax shall be applied only to the specific purposes set forth in Section 7 hereof.

(iii) The District shall establish an account or accounts into which the proceeds of such Special Tax shall be deposited.

(iv) The City Manager or the City Finance Director/Treasurer, or their designee, acting for and on behalf of the District, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3.
Section 11. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the District, and this lien shall continue in force and effect until the special tax obligation is prepaid or otherwise permanently satisfied and the lien cancelled in accordance with law or until collection of the tax by the District ceases.

Section 12. The Council finds that the Facilities are necessary to meet the increased demand put upon the City as a result of the development within the District.

Section 13. The Council finds that there is not an ad valorem property tax currently being levied on property within the proposed District for the exclusive purpose of paying principal of or interest on bonds or other indebtedness incurred to finance construction of capital facilities which provide the same services to the territory of the District as provided by the Facilities.

Section 14. An appropriation limit for the District is hereby established as an amount equal to all the proceeds of the special tax collected annually from each Improvement Area and as defined by Article XIIIIB of the California Constitution, as adjusted for changes in the cost of living and changes in population.

Section 15. Written protests against the establishment of the District, or against the furnishing of specified services or facilities or the levying of a specified special tax within the District, have not been filed by fifty percent (50%) or more of the registered voters or property owners of one-half (1/2) or more of the area of land within the District or of the respective Improvement Area thereof.

Section 16. The Special Tax to be levied in the District to pay for all the proposed Facilities has not been precluded by protests by owners of one-half or more of the land in the territory included in the District pursuant to Government Code Section 53324.

Section 17. The Office of the City Manager, 101 North “D” Street, Perris, California 92570, (909) 943-6100, or its designee, is designated to be responsible for preparing annually a current roll of special tax levy obligations by assessor’s parcel number and for estimating future special tax levies pursuant to Section 53340.1 of the Government Code.

Section 18. The City Clerk is directed to certify and attest to this Resolution and to take any and all necessary acts to call, hold, canvass and certify an election or elections on the incurring of bonded indebtedness, the levy of the special tax, and the establishment of the appropriation limit.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Perris on this 31st day of July, 2018.
MAYOR OF THE CITY OF PERRIS

Attest:

______________________
CITY CLERK OF THE CITY OF PERRIS
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE  
CITY OF PERRIS  

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, DO HEREBY
CERTIFY that the foregoing Resolution No. _____ was duly adopted by the City Council of the
City of Perris at a regular meeting of said Council on the 31st day of July, 2018, and that it was
so adopted by the following vote:

AYES:
NOES:
ABSENT:

By:______________________________

City Clerk
Exhibit “A”

TYPES OF FACILITIES TO BE FINANCED BY
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY-WEST ELM)
OF THE CITY OF PERRIS

The General Description of the Facilities that may be acquired or constructed is as follows:

- Street facilities, including, but not limited to, major arterials, highways, bridge facilities, regional transportation facilities and streets, intersections, access ramps, roadways, sidewalk, curb, gutters, striping, lighting, traffic signalization, signage, landscaping of public streets and rights-of-way and appurtenant facilities;

- Storm control facilities, including, but not limited to, storm drains, channels, detention, headwalls, riprap pads, water quality basins, retention and/or catch basins and appurtenant facilities;

- Sewer improvements, sanitary sewers, including, but not limited to, lift stations, force mains, pump stations, transmission and main lines, valves, and appurtenant facilities;

- Domestic water facilities, including, but not limited to, reservoirs, pump stations, transmission lines, distribution facilities, main lines, valves, fire hydrants and appurtenant facilities;

- Park, recreational facilities, trails, open space and appurtenant facilities;

- Impact and other City or public agency fees;

- Incidental expenses;

- City facilities.

OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriters’ discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel, special tax consultant fees and expenses, dissemination agent fees and all other incidental expenses.

2. Administrative fees of the City and the Bond trustee or fiscal agent related to the District and the Bonds.

3. Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of any
costs advanced by the City or any related entity, or any landowner or developer within the District, for facilities or other purposes or costs of the District.

This description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in the city officer’s report, containing a brief description of the facilities which will be required to adequately meet the needs of the District.
Exhibit “B”

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 1 AND IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 2018-1 (GREEN VALLEY-WEST ELM) OF THE CITY OF PERRIS

[ATTACHED]
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2018-1
(GREEN VALLEY)
IMPROVEMENT AREA 1

A Special Tax shall be levied on all Taxable Property within the boundaries of Improvement Area 1 of Community Facilities District No. 2018-1 (Green Valley) of the City of Perris ("CFD No. 2018-1 IA1") and collected each Fiscal Year commencing in Fiscal Year 2018-19, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2018-1 IA1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.


"Administrative Expenses" means the following actual or reasonably estimated costs related to the administration of CFD No. 2018-1 IA1 including, but not limited to: the costs of preparing and computing the Annual Special Tax (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2018-1 IA1, associated with applicable federal and State laws, the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2018-1 IA1, or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2018-1 IA1 for any other administrative purposes of CFD No. 2018-1 IA1, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor" means the Assessor of the County of Riverside.
"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax" means the Special Tax of that name described in Section 3.A below.

"Backup Special Tax" means the Special Tax of that name described in Section 3.B below.

"Bonds" means any bonds or other Debt of CFD No. 2018-1 IA1, whether in one or more series, secured by the levy of Special Taxes.

"Building Permit" means a building permit for construction of a Residential Unit within CFD No. 2018-1 IA1 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

"CFD No. 2018-1 IA1" means the Community Facilities District No. 2018-1 (Green Valley) Improvement Area No. 1 of the City of Perris.

"City" means the City of Perris, California.

"Council" means the City Council of the City acting as the legislative body of CFD No. 2018-1 IA1 under the Act.

"County" means the County of Riverside, California.

"Debt" means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

"Debt Service" means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property, provided that the levy of the Annual Special Tax after
such reclassification shall not be less than 1.1 times the annual Debt Service less Administrative Expenses on all Outstanding Bonds. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Undeveloped Property.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

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

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

“Land Use Class” means any of the classes listed in Table 1 under Section 3 below.

“Lot” means a parcel created by a Final Map on which a Residential Unit can be constructed.

“Maximum Special Tax” means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential units or facilities.

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

“Prepayment Amount” means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel as described in Section 6.A below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2018-1 IA1 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.
“Public Property” means any property within the boundaries of CFD No. 2018-1 IA1, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Special Tax” means any special tax levied within CFD No. 2018-1 IA1 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2018-1 IA1.

“Special Tax Requirement” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2018-1 IA1, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2018-19, each Assessor’s Parcel within CFD No. 2018-1 IA1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property shall be classified according to its applicable Land Use Class based on its Building Square Footage.
3. SPECIAL TAX RATES

A. Assigned Special Tax for Developed Property

The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property commencing in Fiscal Year 2018-19 shall be determined pursuant to Table 1 below.

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Land Use Type</th>
<th>Building Square Footage</th>
<th>Assigned Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Residential Property</td>
<td>&gt; 2,700</td>
<td>$1,838 per Residential Unit</td>
</tr>
<tr>
<td>2</td>
<td>Residential Property</td>
<td>2,401 – 2,700</td>
<td>$1,635 per Residential Unit</td>
</tr>
<tr>
<td>3</td>
<td>Residential Property</td>
<td>2,201 – 2,400</td>
<td>$1,486 per Residential Unit</td>
</tr>
<tr>
<td>4</td>
<td>Residential Property</td>
<td>1,701 – 2,200</td>
<td>$1,211 per Residential Unit</td>
</tr>
<tr>
<td>5</td>
<td>Residential Property</td>
<td>≤ 1,700</td>
<td>$1,093 per Residential Unit</td>
</tr>
</tbody>
</table>

B. Backup Special Tax for Developed Property

The Backup Special Tax for Developed Property commencing in Fiscal Year 2018-19 shall be $9,786 per Acre.

For the purpose of calculating the Backup Special Tax, the land area applicable to a Condominium shall be computed from the Acreage of the Lot on which the Condominium is located, with the Acreage for such Lot allocated equally among all of the Condominiums located or to be located on such Lot.

C. Maximum Special Tax for Developed Property

The Maximum Special Tax for Developed Property shall be the greater of the Assigned Special Tax for Developed Property and the Backup Special Tax for Developed Property.
D. Maximum Special Tax for Provisional Property and Undeveloped Property

The Maximum Special Tax for Provisional Property and Undeveloped Property commencing in Fiscal Year 2018-19 shall be $9,786 per Acre.

4. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2018-19, the CFD Administrator shall levy the Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at 100% of the applicable Assigned Special Tax;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Property up to 100% of the Maximum Special Tax for Provisional Property;

Step 4: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax amount determined in Step 1 shall be increased Proportionately on each Assessor’s Parcel of Developed Property up to 100% of the Maximum Special Tax for Developed Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax applicable to any other Assessor’s Parcel within CFD No. 2018-1 IA1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

5. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Annual Special Taxes.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

A. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The following definitions apply to this Section 6:

“CFD Public Facilities Costs” means $2,650,000 or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the Act and financing program for CFD No. 2018-1 IA1, or (ii) shall
be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).

"Construction Fund" means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2018-1 IA1.

"Future Facilities Costs" means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund that are expected to be available to finance CFD Public Facilities Costs.

"Outstanding Bonds" means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax prepayments.

"Previously Issued Bonds" means all Bonds that have been issued prior to the date of prepayment.

The Special Tax Obligation applicable to an Assessor's Parcel of Developed Property, or Undeveloped Property for which a Building Permit has been issued may be prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel eligible to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay, and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30) days of the request, and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for the CFD No. 2018-1 IA1 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount (defined below) shall be calculated for each applicable Assessor's Parcel or group of Assessor's Parcels as summarized below (capitalized terms as defined below):

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

As of the proposed date of prepayment, the Prepayment Amount (defined in Step 14 below) shall be calculated as follows:
Step No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.

2. For Assessor’s Parcels of Developed Property, determine the Maximum Special Tax. For Assessor’s Parcels of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor’s Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total expected Maximum Special Tax revenue for CFD No. 2018-1 IA1 assuming all Building Permits have been issued (build-out) within CFD No. 2018-1 IA1, excluding any Assessor’s Parcels for which the Special Tax Obligation has been previously prepaid.

4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid for all applicable parcels and round that amount up to the nearest $5,000 increment (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the “Redemption Premium”).


7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Prepayment Amount”).

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the expected redemption date for the Outstanding Bonds which, depending on the Indenture, may be as early as the next interest payment date.

9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Prepayment Amount and the Prepayment Administrative Fees from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

10. Subtract the amount computed in paragraph 9 from the amount computed in paragraph 8 (the “Defeasance Amount”).

11. Calculate the administrative fees and expenses of CFD No. 2018-1 IA1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2018-1 IA1, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment Administrative Fees”).
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment calculation date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “Reserve Fund Credit”). No Reserve Fund Credit shall be granted if, after the Prepayment Amount is calculated, reserve funds are below 100% of the reserve requirement.

13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

14. The amount to prepay the Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the “Prepayment Amount”).

15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12 and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2018-1 IA1.

The Prepayment Amount may be sufficient to redeem an amount other than a $5,000 increment of CFD No. 2018-1 IA1 Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem CFD No. 2018-1 IA1 Bonds to be used with the next prepayment of CFD No. 2018-1 IA1 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor’s Parcel for which the Special Tax Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of the owner of such Assessor’s Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

B. Partial Prepayment
The Special Tax on an Assessor’s Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment shall be calculated according to the following formula:

\[ PP = (\text{Pe} - \text{A}) \times F + \text{A} \]

These terms have the following meaning:

- \( PP \) = the partial prepayment
- \( \text{Pe} \) = the Prepayment Amount calculated according to Section 6.A.
- \( F \) = the percentage by which the owner of the Assessor’s Parcel(s) is partially paying the Special Tax Obligation
- \( \text{A} \) = the Prepayment Administrative Fees and Expenses from Section 6.A.

The owner of any Assessor’s Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor’s Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor’s Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 2018-1 IA1 that there has been a partial prepayment of the Special Tax Obligation and that a portion of the Special Tax with respect to such Assessor’s Parcel, equal to the outstanding percentage \( (1.00 - F) \) of the Maximum Special Tax, shall continue to be levied on such Assessor’s Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

7. TERM OF SPECIAL TAX

The Special Tax shall be levied as long as necessary to meet the Special Tax Requirement for a period not to exceed forty (40) Fiscal Years commencing with Fiscal Year 2018-19, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on CFD No. 2018-1 IA1 bonds have been paid.

8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor’s Parcels of Public Property, (ii) Assessor’s Parcels of Property Owner Association Property, or (iii) Assessor’s Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, and (v) Assessor’s Parcels of Developed Property classified as Non-Residential Property as determined reasonably by the CFD Administrator, provided that no such
classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA1 to less than 22.16 Acres. Assessor’s Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2018-1 IA1 to less than 22.16 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2018-1 IA1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor’s Parcel of Exempt Property changes so that such Assessor’s Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor’s Parcel eligible to be classified as Exempt Property, such Assessor’s Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

9. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor’s Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

(i) Amend the Special Tax levy on the landowner’s Assessor’s Parcel(s) for the current Fiscal Year prior to the payment date,

(ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or

(iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner’s Assessor’s Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the City Council. Upon the receipt of such notice, the City Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the City Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

The City Council or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the City Council or designee shall be final.
RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2018-1
(GREEN VALLEY)
IMPROVEMENT AREA 2

A Special Tax shall be levied on all Taxable Property within the boundaries of Improvement Area 2 of Community Facilities District No. 2018-1 (Green Valley) of the City of Perris ("CFD No. 2018-1 IA2") and collected each Fiscal Year commencing in Fiscal Year 2018-19, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2018-1 IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.


"Administrative Expenses" means the following actual or reasonably estimated costs related to the administration of CFD No. 2018-1 IA2 including, but not limited to: the costs of preparing and computing the Annual Special Tax (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2018-1 IA2, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2018-1 IA2, or any designee thereof related to an appeal of the Special Tax; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2018-1 IA2 for any other administrative purposes of CFD No. 2018-1 IA2, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

"Assessor" means the Assessor of the County of Riverside.
"Assessor’s Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax" means the Special Tax of that name described in Section 3.A below.

"Backup Special Tax" means the Special Tax of that name described in Section 3.B below.

"Bonds" means any bonds or other Debt of CFD No. 2018-1 IA2, whether in one or more series, secured by the levy of Special Taxes.

"Building Permit" means a building permit for construction of a Residential Unit within CFD No. 2018-1 IA2 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such Assessor’s Parcel and/or by reference to appropriate records kept by the City.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll and/or calculating the Backup Special Tax.

"CFD No. 2018-1 IA2" means the Community Facilities District No. 2018-1 (Green Valley) Improvement Area No. 2 of the City of Perris.

"City" means the City of Perris, California.

"Council" means the City Council of the City acting as the legislative body of CFD No. 2018-1 IA2 under the Act.

"County" means the County of Riverside, California.

"Debt" means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

"Debt Service" means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1 of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property, provided that the levy of the Annual Special Tax after
such reclassification shall not be less than 1.1 times the annual Debt Service less Administrative Expenses on all Outstanding Bonds. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Undeveloped Property.

"Exempt Property" means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 8 below.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

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

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1 under Section 3 below.

"Lot" means a parcel created by a Final Map on which a Residential Unit can be constructed.

"Maximum Special Tax" means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

"Non-Residential Property" means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing one or more non-residential units or facilities.

"Outstanding Bonds" means all Bonds, which are deemed to be outstanding under the Indenture.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor’s Parcel as described in Section 6.A below.

"Property Owner Association Property" means any Assessor’s Parcel within the boundaries of CFD No. 2018-1 IA2 owned in fee by a property owner association, including any master or sub-association.

"Proportionately" or "Proportionate" means for Developed Property, that the ratio of the actual Special Tax levy to the applicable Assigned Special Tax or Backup Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

"Provisional Property" means all Assessor’s Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 8, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 8.
"Public Property" means any property within the boundaries of CFD No. 2018-1 IA2, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

"Residential Property" means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

"Residential Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

"Special Tax" means any special tax levied within CFD No. 2018-1 IA2 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

"Special Tax Obligation" means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2018-1 IA2.

"Special Tax Requirement" means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Fees and Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor’s Parcels within the boundaries of CFD No. 2018-1 IA2, which are not exempt from the levy of the Special Tax pursuant to law or Section 8 below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Property.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2018-19, each Assessor’s Parcel within CFD No. 2018-1 IA2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property shall be classified according to its applicable Land Use Class based on its Building Square Footage.