

**ORDINANCE NUMBER 1430**

***AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PERRIS, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2022-2 (PERRIS LOGISTICS CENTER) OF THE CITY OF PERRIS AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN SAID DISTRICT***

**WHEREAS**, on May 30, 2023, the City Council (the “Council”) of the City of Perris, California (the “City”) adopted Resolution No. 6190 (the “Resolution of Intention”) declaring its intention to form Community Facilities District No. 2022-2 (Perris Logistics Center) of the City of Perris (the “District”) 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**, on July 25, 2023, and in accordance with the Act, the Council opened a public hearing after providing all notice required relating to the formation of the District, and setting forth the rate and method of apportionment and manner of collection of the special tax to be levied within the District, which will be used to pay principal and interest on bonds proposed to be authorized within the District, the proceeds of which will be applied to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property, including the acquisition and construction of public facilities, and all furnishings, equipment and supplies related thereto, with a useful life of five years or longer (collectively the “Public Facilities”); (2) the payment of development and other fees (the “Fees”), which Facilities have a useful life of five years or longer; and (3) the incidental expenses to be incurred in connection with financing the Public Facilities and Fees and forming and administering the District (the “Incidental Expenses,” collectively with the Public Facilities and Fees, the “Facilities”), as further described in the Resolution of Intention; and

**WHEREAS**, at the public 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**, on July 25, 2023, following the close of the public hearing, the Council adopted a resolution establishing the District (the “Resolution of Formation”) and a resolution determining the necessity to incur bonded indebtedness of the District (the “Resolution to Incur Bonded Indebtedness”) each of which called a consolidated special election on July 25, 2023, within the District on a proposition relating to the levying of special taxes, the incurring of bonded indebtedness and the establishment of an appropriations limit (the “Special Election”); and

**WHEREAS**, on July 25, 2023, the Special Election was held within the District at which the qualified electors of the District, respectively, approved by more than a two-thirds vote the propositions labeled on the official ballot as “Proposition” which generally authorized the

levy of special taxes within the District, for the purposes described in the Resolution of Intention and the issuance of bonded indebtedness for the District as described in the Resolution to Incur Bonded Indebtedness; and

**WHEREAS**, on July 25, 2023, following its determination that the requisite two-thirds of votes cast at the Special Election were in favor of levying the special taxes, the City Council directed the City Clerk to execute and cause to be recorded in the office of the County Recorder of the County of Riverside a notice of special tax lien for the District in the form required by the Act and Division 4.5 of the California Streets and Highways Code pursuant to Section 53328.3 of the Act.

**THE CITY COUNCIL OF THE CITY OF PERRIS, IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2022-2 (PERRIS LOGISTICS CENTER) OF THE CITY OF PERRIS, DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1.** The Council finds the above recitals are true and correct and incorporated herein by this reference.

**Section 2.** By the passage of this Ordinance, the Council authorizes the levy of a special tax within the District at the maximum rate in accordance with the rate and method of apportionment for the District set forth as Exhibit “A” to the Resolution of Formation, and for reference purposes is attached hereto as Exhibit “A” and incorporated herein by this reference (the “Rate and Method”).

**Section 3.** The Council or its designee is hereby further authorized to determine, by ordinance, resolution, or by other action if permitted by then applicable law, on or before August 1 of each year, the specific special tax to be levied for the next ensuing fiscal year on each parcel of land in the District. The special tax to be levied shall not exceed the maximum rates set forth in the Rate and Method, respectively, but the special tax may be levied at a lower rate. The City Clerk is authorized and directed to file with the county auditor on or before the 10th day of August of each tax year a certified copy of such ordinance or resolution accompanied by a list of all parcels subject to the special tax levy with the tax to be levied on each parcel.

**Section 3.** Properties or entities of the state, federal or other local governments shall be exempt from the above-referenced and approved special taxes only to the extent set forth in Section 8 of the Rate and Method, and otherwise shall be subject to the tax consistent with the provisions of Section 53317.3 and 53317.5 of the Act in effect as of the date of adoption of this Ordinance.

**Section 4.** All of the collections of the special taxes pursuant to the Rate and Method shall be used only as provided for in the Act and Resolution of Formation. The special taxes shall be levied within the District only so long as needed to accomplish the purposes described in Resolution of Formation.

**Section 5.** The special taxes shall be collected pursuant to the Rate and Method from time to time as necessary to meet the financial obligations of the District on the secured real property tax roll in the same manner as ordinary ad valorem taxes are collected, or

other procedures as may be adopted by the Council. The City Manager, or his or her designee, is hereby authorized and directed to provide or to cause to be provided all necessary information to the auditor/tax collector of the County of Riverside and to otherwise take all actions necessary in order to effect proper billing and collection of the special taxes, so that the special taxes shall be levied and collected in sufficient amounts and at times necessary to satisfy the financial obligations of the District in each fiscal year until the bonds issued on the security of such special taxes (the "Bonds") are paid in full, the Facilities have been paid for, and provision has been made for payment of all of the administrative costs of District. The special taxes may be subject to the same penalties and the same procedure, sale and lien priority in cases of delinquency as provided for ad valorem taxes as such procedure may be modified by law or this City Council from time to time.

Notwithstanding the foregoing, the City Manager or the Finance Director may collect, or cause to be collected, one or more installments of the special taxes by means of direct billing by the District of the property owners within the District, if, in the judgment of the City Manager or the Finance Director, such means of collection will reduce the administrative burden of the District in administering the District where it is otherwise appropriate in the circumstances. In such event, the special taxes shall become delinquent if not paid when due as set forth in any such respective billing to the property owners.

Whether the special taxes are levied in the manner provided in the first or the second preceding paragraph, the special taxes shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent special tax payments.

**Section 6.** As a cumulative remedy, if any amount levied as a special tax for payment of bond interest or principal of any Bonds of the District, together with any penalties and other charges accruing under this ordinance, are not paid when due, the Council may, not later than four (4) years after the due date of the last installment of principal of the Bonds, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax.

**Section 7.** This Ordinance relating to the levy of the special taxes within the District shall take effect immediately upon its final passage in accordance with the provisions of Section 36937(a) of the Government Code, and the specific authorization for adoption is pursuant to the provisions of Section 53340 of the Government Code.

**Section 8.** The Mayor shall sign this Ordinance and the City Clerk shall attest to the Mayor's signature and then cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in the City.

**Section 9.** The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be posted at the designated locations in the City as required by law and is hereby directed to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

**ADOPTED, SIGNED** and **APPROVED** this 29<sup>th</sup> day of August, 2023.

\_\_\_\_\_  
Michael M. Vargas, Mayor

ATTEST:

\_\_\_\_\_  
Nancy Salazar, City Clerk

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 Ordinance Number 1430 was duly introduced for first reading by the City Council of the City of Perris at a regular meeting of said Council on the 25<sup>th</sup> day of July, 2023, and was duly adopted at a regular meeting of said Council on the 29<sup>th</sup> day of August, 2023 by the following vote:

AYES: RABB, ROGERS, NAVA, CORONA, VARGAS  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: NONE

By: \_\_\_\_\_  
Nancy Salazar, City Clerk

**EXHIBIT "A"**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX  
COMMUNITY FACILITIES DISTRICT NO. 2022-2  
(PERRIS LOGISTICS CENTER) OF THE CITY OF PERRIS**

[SEE ATTACHED]

# RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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## COMMUNITY FACILITIES DISTRICT NO. 2022-2 (PERRIS LOGISTICS CENTER)

A Special Tax shall be levied on all Taxable Property within the boundaries of Community Facilities District No. 2022-2 (Perris Logistics Center) of the City of Perris (“CFD No. 2022-2”) and collected each Fiscal Year commencing in Fiscal Year 2023-24, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2022-2, 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.

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

“**Acquisition Agreement**” means this Acquisition and Funding Agreement, dated \_\_\_\_\_, 2023, by and among the City, the Developer, and the IDI Property Owners, as originally executed or as the same may be amended from time to time in accordance with its terms

“**Administrative Expenses**” means the following actual or reasonably estimated costs related to the administration of CFD No. 2022-2 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. 2022-2, 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. 2022-2, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2022-2, 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. 2022-2, 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. 2022-2 for any other administrative purposes of CFD No. 2022-2, 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.

**“Authorized Fees”** means development, impact or other fees imposed by the City as shown on Exhibit C to the Acquisition Agreement.

**“Boundary Map”** means the map of the boundaries of CFD No. 2022-2 recorded on in the Riverside County Recorder’s Office in Book \_\_\_, Page \_\_\_, of Maps of Assessments and Community Facilities Districts (instrument number \_\_\_-\_\_\_).

**“Bonds”** means any bonds or other Debt of CFD No. 2022-2, whether in one or more series, secured by the levy of Special Taxes.

**“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 and for preparing the Annual Special Tax roll.

**“CFD No. 2022-2”** means the Community Facilities District No. 2022-2 (Perris Logistics Center) 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. 2022-2 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.

**“Developer”** means IDI Logistics, LLC, a Delaware limited liability company, and its successors and assigns.

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

**“Facilities”** means the facilities described in Exhibit B to the Acquisition Agreement.

**“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.

**“IDI Property Owners”** means IDIL Perris North 3, L.P., a Delaware limited partnership, and IDIL Perris Fulfillment Center L.P., a Delaware limited partnership, and/or an affiliated company thereof, and their respective successor and/or assigns.

**“Lower Income Households Welfare Exemption Property”** means, for each Fiscal Year, an Assessor’s Parcel that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County Assessor’s roll finalized as of January 1 of the previous Fiscal Year; provided that such property shall not be classified as Lower Income Households Welfare Exemption Property if debt is outstanding and the property was subject to the Special Tax prior to receiving the exemption, in which case the property shall remain subject to the Special Tax and the Special Tax shall be enforceable against the property.

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

**“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.

**“Proportionately” or “Proportionate”** means for Taxable Property, that the ratio of the actual Special Tax levy to the applicable Maximum Special Tax Special Tax is equal for all Assessor’s Parcels of Taxable Property.

**“Provisional Property”** means all Assessor’s Parcels of Public 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. 2022-2, 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.

**“Special Tax”** means any special tax levied within CFD No. 2022-2 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. 2022-2.

**“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 for deposit in the Improvement Fund to pay directly or reimburse Developer for acquisition or construction of Facilities or Authorized Fees; 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. 2022-2, 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.

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2023-24, each Assessor’s Parcel within CFD No. 2022-2 shall be classified as Taxable Property, Exempt 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.

**3. SPECIAL TAX RATES**

**A. Maximum Special Tax for Taxable Property**

The Maximum Special Tax applicable to an Assessor’s Parcel classified as Taxable Property commencing in Fiscal Year 2023-24 shall be determined pursuant to Table 1 below.

**Table 1  
Maximum Special Tax Rates**

<b>Land Use Type</b>	<b>Maximum Special Tax per Acre</b>
Taxable Property	\$4,400

Each July 1, commencing July 1, 2024, the Maximum Special Tax rates for Taxable Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

**B. Maximum Special Tax for Provisional Property**

The Maximum Special Tax for Provisional Property commencing in Fiscal Year 2023-24 shall be \$4,400 per Acre for property. Each July 1, commencing July 1, 2024, the Maximum Special Tax rates for Provisional Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

**4. METHOD OF APPORTIONMENT**

For each Fiscal Year, commencing Fiscal Year 2023-24, 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 Taxable Property in an amount up to 100% of the applicable Maximum Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Property.

**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 \$21,000,000 or such number that (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. 2022-2, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).

**“Future Facilities Costs”** means the CFD Public Facilities Costs minus (i) costs previously paid from the Improvement Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Improvement 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.

**“Improvement Fund”** means the fund (regardless of its name) established pursuant to the Indenture (and referenced in the Acquisition Agreement) or a separate account maintained by the City to hold funds, which are currently available for expenditure to acquire or construct the Facilities or pay Authorized Fees to be funded by CFD No. 2022-2.

**“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 Taxable Property 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 or the delinquent special taxes are paid off concurrently with the prepayment to the satisfaction of the CFD Administrator. 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 provided for in the Indenture with respect to CFD No. 2022-2 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 Taxable Property, determine the Maximum Special Tax.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total expected Maximum Special Tax revenue for CFD No. 2022-2, 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**").
6. Compute the Future Facilities Costs.
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, but

the redemption date may be any date determined by the CFD Administrator as convenient and appropriate, provided such date is permitted by the Indenture.

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. 2022-2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2022-2, 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 Improvement Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2022-2.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of CFD No. 2022-2 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. 2022-2 Bonds to be used with the next prepayment of CFD No. 2022-2 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 Taxable Property 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:

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

These terms have the following meaning:

PP = the partial prepayment

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 prepaying the Special Tax Obligation

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. 2022-2 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 fifty (50) Fiscal Years commencing with Fiscal Year 2023-24, 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. 2022-2 Bonds have been paid and the City has not instructed the CFD Administrator to continue levying.

## **8. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, or (ii) 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) Lower Income Households Welfare Exemption Property, provided that no such classification would reduce the sum of all Taxable Property in CFD No. 2022-2 to less than 327.658 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. 2022-2 to less than 327.658 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2022-2 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.

Notwithstanding the above, the CFD Administrator will interpret any ambiguities in the provisions of this RMA to facilitate the levy of \$1,441,695.20 on the Taxable Property within CFD No. 2022-2 for Fiscal Year 2023-24.

## **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 twelve (12) 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.