

**RESOLUTION NUMBER 3928**

**RESOLUTION OF CONSIDERATION OF THE CITY COUNCIL OF THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS AND DECLARING ITS INTENTION TO MAKE CHANGES WITH RESPECT TO IMPROVEMENT AREA NO. 6 OF SAID DISTRICT**

**WHEREAS**, the City Council (the “Council”) of the City of Perris (the “City”) has received a petition (including consent and waiver) (the “Petition”) from KB Home Coastal Inc. ("Property Owner") requesting the institution of change proceedings with respect to Improvement Area No. 6 (the “Improvement Area”) of Community Facilities District No. 2001-1 (May Farms) 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**, the District was formed pursuant to Resolution No. 2950, adopted on May 28, 2002 (“Formation Resolution”); and

**WHEREAS**, on May 28, 2002, following a public hearing and election, at least two thirds of the landowners within the Improvement Area of the District approved of the levying of a special tax within the District at the rate and method of apportionment described in the Formation Resolution; and

**WHEREAS**, the City Council, as legislative body of the District, authorized certain changes within Improvement Areas No. 4, 5, 6 and 7 of the District following a public hearing and election pursuant to Resolution Number 3361, adopted on January 11, 2005 (“Resolution of Change”); and

**WHEREAS**, the Property Owner, pursuant to the Petition, has requested the following to reflect changes in the Project and current conditions: (i) changes to the description of the facilities and fees to be financed by the Improvement Area; (ii) changes to the maximum bonded indebtedness for the Improvement Area; and (iii) changes to the special tax and the rate and method of apportionment of the Special Tax included in the Change Resolution and prior proceedings (collectively, the “Changes”); and

**WHEREAS**, the Council has determined that the Petition complies with the requirements of Government Code Section 53332 and now intends to institute such Change proceedings with respect to the District; and

**WHEREAS**, the Council desires to adopt this Resolution of Consideration (this “Resolution”) as provided in Section 53331 of the Act to institute change proceedings with respect to the Improvement Area of the District; and

**WHEREAS**, the Improvement Area of the District shall 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 and the payment of development and other fees of public agencies, all as described in Exhibit “B” hereto and incorporated herein by this reference (collectively, the “Facilities”), which Facilities have a useful life of five years or longer; and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”); and

**WHEREAS**, it is the intention of the Council to consider financing the Facilities and the Incidental Expenses through the District and the sale of bonded indebtedness within Improvement Area of the District in an amount not to exceed \$13,725,000 and the levy of a special tax within the Improvement Area of the District to pay for the Facilities and the Incidental Expenses and to pay debt service on the bonded indebtedness incurred by such Improvement Area, provided that the bond sales and special tax levies are approved at an election to be held within the District;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PERRIS DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The above recitals are true and correct.

**Section 2.** The Council hereby determines to institute change proceedings for Improvement Area No. 6 of Community Facilities District No. 2001-1 (May Farms) of the City of Perris under the terms of the Act. The amended and restated boundaries of the Improvement Area have been recorded in the Office of the County Recorder of Riverside County, California, as Document No. 2004-1015218 and are shown on Exhibit “A” hereto.

**Section 3.** The Facilities proposed to be financed by the Improvement Area of the District are public infrastructure facilities and other governmental facilities with an estimated useful life of five years or longer, which the City, Eastern Municipal Water District (“EMWD”), the Val Verde Unified School District (the “School District”), or another public agency or district is authorized by law to construct, acquire, own, operate or contribute revenue to. The Council hereby finds and determines that the description of the Facilities herein is sufficiently informative to allow taxpayers within the proposed District to understand what the funds of the Improvement Area of the District may be used to finance. The Incidental Expenses expected to be incurred include the cost of planning and designing the Facilities, the costs of the change proceedings relating to the Improvement Area of the District, issuing bonds and levying and collecting a special tax within the Improvement Area of the District. The Council hereby finds that the proposed Facilities are necessary to meet increased demands placed upon the City, EMWD, the School District, and other public agencies or districts as a result of development occurring within the Improvement Area of the District. Such Facilities need not be physically located within the Improvement Area of the District.

**Section 4.** Except where funds are otherwise available, it is the intention of the Council to levy annually, in accordance with procedures contained in the Act, a new special tax within the 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, interest on bonds due and payable prior to the expiration of one year from the date of completion of Facilities (but not to exceed two years), 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 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 Improvement Area of the District pursuant to Section 53314 of the Act and interest thereon. The second amended and restated rate and method of apportionment of the Special Tax within the Improvement Area of the District is described in detail in Exhibit “C” attached hereto and by this reference incorporated herein (the “Amended RMA”). The Special Tax contained in the Amended RMA is based upon the cost of financing the Facilities and Incidental Expenses in the Improvement Area of 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.

Pursuant to the Amended RMA, the Special Tax within the Improvement Area of the District is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act. In the event that a portion of the property within the Improvement Area of the District shall become for any reason exempt, wholly or partially, from the levy of the Special Tax, the Council shall, on behalf of the Improvement Area 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. If special taxes of the Improvement Area of the District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except that it may be increased by an amount not to exceed two percent (2%) per year to the extent permitted in the Amended RMA; (ii) such tax shall be levied within an Improvement Area for the period set forth in the applicable Amended RMA, as further described in Exhibit “C” hereto; and (iii) under no circumstances will such special tax be increased as a consequence of delinquency or default by the owner of any other parcels within the Improvement Area of the District by more than ten percent (10%).

**Section 5.** The special tax within the Improvement Area of the District is based on the expected demand that each parcel of real property within the Improvement Area of the District 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, EMWD, the School District and other local agencies, and the existing infrastructure in the City as a result of the development of land within the Improvement Area of the District. The Council hereby determines the Amended RMA set forth in Exhibit "C" for the Improvement Area of the District to be reasonable.

**Section 6.** A Public Hearing (the "Hearing") on the Changes shall be held on April 24, 2007, at 6:00 p.m., or as soon thereafter as practicable, at the Chambers of the City Council of the City of Perris, 101 North "D" Street, Perris, California 92570. Should the Council determine to call a special election on the Changes, a special election will be held within the Improvement Area of the District to approve the Changes, authorize the levy of special taxes pursuant to the Amended RMA and authorize the issuance of bonds in an amount not to exceed the revised bonded indebtedness in accordance with the procedures contained in Government Code Sections 53326 and 53338. If held, the proposed voting procedure at the elections will be a landowner vote, with each landowner who is the owner of record of land within each of the Improvement Area of the District at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the Improvement Area of the District. Ballots for the special election may be distributed by mail or by personal service.

**Section 7.** At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the Improvement Area of the District, may appear and be heard. With respect to the Changes, if fifty percent (50%) or more of the registered voters, or six registered voters, whichever is more, residing in the Improvement Area, or the landowners of one-half or more of the area of land in an Improvement Area and not exempt from the special tax, file written protests against the Changes, and the protests are not withdrawn to reduce the value of the protests to less than a majority, the City Council shall take no further action to approve the Changes in the Improvement Area for a period of one year from the date of decision of the City Council, and if the majority protests of the registered voters or landowners are only against the furnishing of a type or types of Facilities within the Improvement Area, those types of Facilities will be eliminated from the proceedings to approve the Changes for such Improvement Area.

**Section 8.** Each City officer who is or will be responsible for the Facilities to be financed by the Improvement Area of the District, is hereby directed to study the proposed Improvement Area of the District and, at or before the time of the above-mentioned Hearing, file a report with the Council, which is to be made a part of the record of the Hearing, containing a brief description of the Facilities and services by type which will, in his or her opinion, be required to adequately meet the needs of the Improvement Area of the District and his or her estimate of the cost of providing the Facilities and services, including an estimate of the fair and reasonable cost of all Incidental Expenses, including the cost of planning and designing the Facilities to be financed pursuant to the Act, the cost of environmental evaluations of such Facilities, all costs associated with the changes in the Improvement Area of the District, 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 the Improvement Area of the District, and any other expenses incidental to the construction, completion and inspection of the authorized work to be paid through the proposed financing.

**Section 9.** The City may accept advances of funds or work-in-kind from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred in changing the Improvement Area of the District. The District, on behalf of the Improvement Area, may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and to repay all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of the Improvement Area of the District.

**Section 10.** The Clerk is hereby directed to publish notice (“Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed District. Such Notice shall contain the text or a summary of this Resolution, state the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers for or against the proposed changes in public facilities and services and the levying of additional special taxes or changing of existing special taxes will be heard will be heard, a description of the protest rights of the registered voters and landowners in the proposed District as provided in Sections 53335, 53336 and 53337 of the Act, and a description of the proposed voting procedure for the election required by the Act. The notice shall also describe, in summary, the effect of protests made by registered voters or landowners against the proposed changes in facilities or services and the levying of additional taxes or changes in existing taxes. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

**Section 11.** The Clerk may send a copy of the Notice of the Hearing by first-class mail, postage prepaid, to each registered voter and to each landowner within the Improvement Area of the District as shown on the last equalized assessment roll or as otherwise known to the Clerk. Said mailing shall be completed not less than fifteen (15) days prior to the date of the Hearing.

**Section 12.** Pursuant to Section 53344.1 of the Act, the Council hereby reserves to itself, in its sole discretion, the right and authority by subsequent resolution to allow any owner of property within the Improvement Area of the District, subject to the provisions of Section 53344.1 of the Act and those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the treasurer of the Improvement Area of the District in full payment or part payment of any installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.

**Section 13.** The voting procedure with respect to the Changes shall be by hand delivered ballot election.

**ADOPTED, SIGNED** and **APPROVED** this 13<sup>th</sup> day of March, 2007.

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Mayor, Daryl R. Busch

ATTEST:

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City Clerk, Judy L. Haughney

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) §  
CITY OF PERRIS )

I, Judy L. Haughney, CITY CLERK OF THE CITY OF PERRIS, CALIFORNIA, DO HEREBY CERTIFY that the foregoing Resolution Number 3928 was duly and regularly adopted by the City Council of the City of Perris at a regular meeting thereof held the 13<sup>th</sup> day of March, 2007, and that it was so adopted by the following called vote:

AYES: Landers, Motte, Rogers, Busch  
NOES:  
ABSENT:  
ABSTAIN: Yarbrough

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City Clerk, Judy L. Haughney

**EXHIBIT "A"**  
**(RESOLUTION NUMBER 3928)**

**AMENDED AND RESTATED BOUNDARY MAP FOR  
IMPROVEMENT AREA NO. 6  
OF COMMUNITY FACILITIES DISTRICT NO. 2001-1  
(MAY FARMS)**

**[ATTACHED]**



City 9/2

AMENDED BOUNDARY MAP OF  
 COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
 OF THE CITY OF PERRIS  
 RIVERSIDE COUNTY  
 STATE OF CALIFORNIA  
 AREA INCLUDED WITHIN C.F.D. NO. 2001-1

THIS MAP AMENDS AND SUPERSEDES THE PROPOSED BOUNDARY MAP FOR CITY OF PERRIS COMMUNITY FACILITIES DISTRICT NO. 2001-1, RIVERSIDE COUNTY, STATE OF CALIFORNIA, FIRST RECORDED AT BOOK 51 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 212 AS INSTRUMENT NO. 2603 323765 IN THE OFFICE OF THE COUNTY RECORDER FOR THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

(1) FILED IN THE OFFICE OF THE CLERK OF THE CITY OF PERRIS THIS 30<sup>th</sup> DAY OF MAY, 2002

*[Signature]*  
 MARGARET REY, CITY CLERK

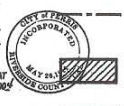
(2) I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED AMENDED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS, RIVERSIDE COUNTY, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF PERRIS AT A MEETING THEREOF HELD ON THE 30<sup>th</sup> DAY OF MAY, 2002, BY ITS RESOLUTION NO. 35354.

*[Signature]*  
 MARGARET REY, CITY CLERK

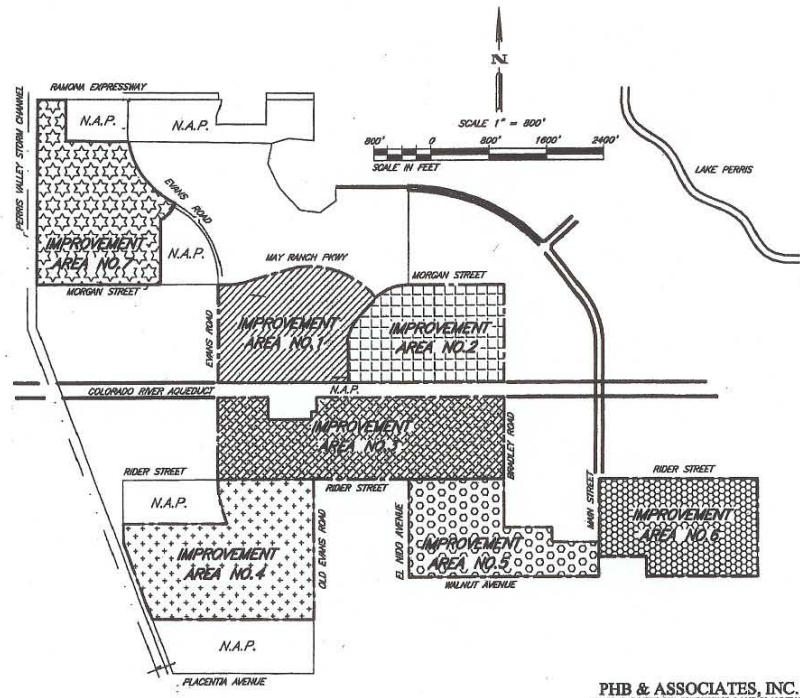
(3) FILED THIS 22<sup>nd</sup> DAY OF December 2002 ON THE HOUR OF 5 O'CLOCK P.M. IN BOOK 142 OF MAP OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 4123, AND AS INSTRUMENT NO. 2603 323765 IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, STATE OF CALIFORNIA.

*[Signature]*  
 Deputy  
 Fee \$ 9.00

LEGEND



- PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 1 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 3 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 4 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 5 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 6 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 7 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS
- PROPOSED BOUNDARIES OF IMPROVEMENT AREA NO. 8 OF COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS) OF THE CITY OF PERRIS



**PHB & ASSOCIATES, INC.**  
 CIVIL ENGINEERING-SURVEYING-LAND PLANNING  
 1620 SOUTH GRAND AVENUE  
 GLENDALE, CALIFORNIA 91740  
 (626) 914-6256/FAX (626) 914-5756  
 DATE PREPARED: 5/23/02

PROJECT: 01-00001-010-2004-000

22  
125

AMENDED BOUNDARIES OF  
COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
OF THE CITY OF PERRIS  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA

AREA INCLUDED WITHIN C.F.D. NO. 2001-1

IMPROVEMENT AREA NO. 1:  
ASSESSOR PARCELS 303-310-10, 303-310-11 AND 303-310-002  
(PORTION) AS MAPPED BY TRACT NO. 28954, TRACT NO. 28963  
AND LOTS 1-34 OF TENTATIVE TRACT MAP 28964 DESCRIBED AS:

THAT PORTION OF PARCEL 7 OF PARCEL MAP 28963 IN THE CITY OF  
PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS RECORDED  
IN MAP BOOK 176, PAGES 60-71 RECORDED OF SAID COUNTY  
DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 7;  
THENCE NORTH 00° 18' 24" EAST A DISTANCE OF 608.71 FEET;  
THENCE NORTH 48° 16' 34" EAST A DISTANCE OF 383.83 FEET;  
THENCE SOUTH 88° 41' 36" EAST A DISTANCE OF 152.00 FEET;  
THENCE NORTH 88° 08' 08" EAST A DISTANCE OF 88.00 FEET;  
THENCE SOUTH 48° 18' 24" WEST A DISTANCE OF 21.31 FEET;  
THENCE SOUTH 00° 18' 24" WEST A DISTANCE OF 100.50 FEET;  
THENCE NORTH 88° 40' 02" EAST A DISTANCE OF 304.00 FEET;  
THENCE SOUTH 88° 08' 18" EAST A DISTANCE OF 811.30 FEET;  
THENCE NORTH 88° 38' 03" EAST A DISTANCE OF 433.88 FEET;  
THENCE SOUTH 88° 10' 21" EAST A DISTANCE OF 80.00 FEET;  
THENCE NORTH 00° 11' 38" EAST A DISTANCE OF 30.45 FEET;  
THENCE NORTH 88° 08' 01" WEST A DISTANCE OF 184.18 FEET;  
THENCE SOUTH 00° 11' 38" WEST A DISTANCE OF 308.88 FEET;  
THENCE SOUTH 00° 11' 35" WEST A DISTANCE OF 71.00 FEET;  
THENCE NORTH 88° 48' 15" WEST A DISTANCE OF 1735.80 FEET TO  
THE POINT OF BEGINNING  
CONTAINING 18.63 ACRES MORE OR LESS.

IMPROVEMENT AREA NO. 2:  
ASSESSOR PARCELS 303-310-003, 303-310-004 AND 303-310-  
005 (PORTION) DESCRIBED AS:

LOT 71 & THAT PORTION OF PARCEL 8 OF PARCEL MAP 28963 IN  
THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA,  
AS RECORDED IN MAP BOOK 176, PAGES 60-71 RECORDED OF SAID  
COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID PARCEL 8;  
THENCE NORTH 88° 48' 57" WEST A DISTANCE OF 804.84 FEET;  
THENCE NORTH 00° 11' 33" EAST A DISTANCE OF 71.00 FEET;  
THENCE NORTH 00° 11' 30" EAST A DISTANCE OF 308.00 FEET;  
THENCE NORTH 00° 57' 39" WEST A DISTANCE OF 130.00 FEET;  
THENCE NORTH 21° 18' 21" EAST A DISTANCE OF 170.00 FEET;  
THENCE NORTH 34° 41' 28" EAST A DISTANCE OF 170.88 FEET;  
THENCE NORTH 43° 57' 00" EAST A DISTANCE OF 148.01 FEET;  
THENCE NORTH 44° 35' 28" EAST A DISTANCE OF 148.53 FEET TO  
THE BEGINNING OF A NON-TANGENTIAL CURVE CONGRUENT TO THE  
SOUTHWEST HAVING A RADIUS OF 1184.00 FEET, A RADIAL LINE TO  
SAID CURVE BEING SOUTH 48° 08' 01" WEST;  
THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE  
OF 05° 01' 58" AN ARC LENGTH OF 806.32 FEET;  
THENCE SOUTH 00° 08' 01" WEST A DISTANCE OF 285.00 FEET TO  
THE BEGINNING OF A TANGENTIAL CURVE CONGRUENT TO THE WEST  
HAVING A RADIUS OF 1304.00 FEET;  
THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE  
OF 05° 08' 01" AN ARC DISTANCE OF 144.00 FEET TO THE POINT OF  
BEGINNING  
CONTAINING 12.83 ACRES MORE OR LESS.

IMPROVEMENT AREA NO. 3:  
ASSESSOR PARCELS 303-310-006, 303-310-007, 303-310-008  
303-310-LOT 2, 303-310-LOT 3, 303-310-LOT 4, 308-070-032,  
308-070-033 AND 303-310-009 (PORTION) EXCEPTING THEREFROM

THAT CERTAIN PARCEL OF LAND SITUATED IN THE CITY OF PERRIS,  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING THAT PORTION  
OF PARCEL 13 OF PARCEL MAP NO. 28963 AS SHOWN ON A MAP  
FILED IN BOOK 176, PAGES 60 THROUGH 71 OF PARCEL MAPS IN THE  
OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA,  
DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY TERMINUS OF A COURSE SHOWN AS  
"TRINITY 80°48'15" WEST 274.00 FEET" IN THE GENERAL NORTHERLY  
LINE OF SAID PARCEL 13;  
THENCE ALONG SAID GENERAL NORTHERLY LINE NORTH 00°17'20"  
WEST 187.87 FEET TO AN ANGLE POINT THEREON;  
THENCE CONTINUING ALONG SAID GENERAL NORTHERLY LINE NORTH  
88°48'11" WEST 400.00 FEET;  
THENCE SOUTH 00°17'20" WEST 807.87 FEET;  
THENCE SOUTH 88°48'11" EAST 804.00 FEET TO A LINE PARALLEL  
WITH AND 30.00 FEET WESTERLY FROM THE CENTERLINE OF FARM  
ROAD AS SHOWN ON SAID MAP;  
THENCE ALONG SAID PARALLEL LINE NORTH 00°17'20" EAST 100.00  
FEET TO SAID COURSE IN SAID GENERAL NORTHERLY LINE OF PARCEL  
13;  
THENCE ALONG SAID COURSE AND GENERAL NORTHERLY LINE NORTH  
88°48'11" WEST 300.00 FEET TO THE POINT OF BEGINNING.  
CONTAINING 3.88 ACRES, MORE OR LESS.

IMPROVEMENT AREA NO. 4:  
ASSESSOR PARCELS 308-070-043 AND 308-070-044

IMPROVEMENT AREA NO. 5:  
ASSESSOR PARCELS 308-070-054, 308-070-055 AND  
307-060-032

IMPROVEMENT AREA NO. 6:  
ASSESSOR PARCELS 307-380-001 AND 307-380-002

IMPROVEMENT AREA NO. 7:  
LOT 2 TRACT 4 OF TRACT NO. 30217 (MAY 310, PG 70-71).

PHB & ASSOCIATES, INC.  
CIVIL ENGINEERING-SURVEYING-LAND PLANNING

1520 SOUTH GRAND AVENUE  
GLENORA, CALIFORNIA 91740  
(626) 514-5255/FAX (626) 514-5756  
DATE PREPARED: 6/20/08

PHB001001001001-001-001

**EXHIBIT “B”**  
**(RESOLUTION NUMBER 3928)**

**TYPES OF FACILITIES TO BE FINANCED BY**  
**IMPROVEMENT AREA NO. 6 OF**  
**COMMUNITY FACILITIES DISTRICT NO. 2001-1**  
**(May Farms)**

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, 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, 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, open space, and appurtenant facilities;
- Landscaping and common area improvements, and appurtenant costs;
- Impact and other fees, including, but not limited to development fees, TUMF, DIF, MSCHP, school fees, water fees, drainage fees, sewer treatment and connection fees, water supply fees, water meter fees, water connection fees, storm drain fees, capital facilities fees and other city fees, and all capital facilities which are part of these fee programs and capital improvement programs;
- Mitigation Costs and Incidental expenses.
- City facilities.

## OTHER

The District may also finance any of the following:

1. Bond-related expenses, including underwriter's discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, 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 Report.

**EXHIBIT “C”**  
**(RESOLUTION NUMBER 3928)**

**CITY OF PERRIS**  
**COMMUNITY FACILITIES DISTRICT NO. 2001-1**  
**(MAY FARMS)**

**SECOND AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT**  
**FOR IMPROVEMENT AREA NO. 6**

A Special Tax shall be levied on all Taxable Property in Improvement Area No. 6 of the City of Perris Community Facilities District No. 2001-1 and collected each Fiscal Year, commencing in Fiscal Year 2007-2008, according to the tax liability determined by the Council, through the application of the rate and method of apportionment of the Special Tax set forth below. All Taxable Property shall be taxed to the extent and in the manner herein provided.

**I. DEFINITIONS**

“**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, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

“**Administrative Fees**” or “**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of IA No. 6: (i) the costs of computing the IA No. 6 Special Taxes; (ii) the costs of preparing the annual IA No. 6 Special Tax collection schedules (whether by the City or designee thereof or both); (iii) the costs of collecting the IA No. 6 Special Taxes (whether by the City, the County or otherwise); (iv) the costs of remitting the IA No. 6 Special Taxes to the Trustee; (v) the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; (vi) the costs to the City, CFD No. 2001-1, or any designee thereof complying with arbitrage rebate requirements; (vii) the costs to the City, CFD No. 2001-1, or any designee thereof complying with disclosure requirements of the City or CFD No. 2001-1, associated with applicable Federal and State securities laws and the Act; (viii) the costs to the City, CFD No. 2001-1, or any designee thereof related to an appeal of the IA No. 6 Special Tax; (ix) the costs associated with the release of funds from an escrow account; and (x) 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. 2001-1 for any other administrative purposes of IA No. 6, including attorney’s

fees and other costs related to commencing and pursuing any foreclosure of delinquent IA No. 6 Special Taxes.

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

“**Assessor's Parcel**” means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

“**Assigned Special Tax**” means, as determined in accordance with Section III below, the Special Tax for each Land Use Class of Developed Property in Zone 1 (as shown in Table 1) and in Zone 2 (as shown in Table 2).

“**Backup Special Tax**” means the Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section III below.

“**Bonds**” means any bonds or other indebtedness (as defined in the Act) of CFD No. 2001-1 for Improvement Area No. 6, whether in one or more series, secured by the levy of Special Taxes.

“**CFD No. 2001-1**” means Community Facilities District No. 2001-1 of the City.

“**CFD Administrator**” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and for levying and collecting the Special Taxes.

“**City**” means the City of Perris, California.

“**Council**” means the City Council of the City acting as the legislative body of the CFD under the Act.

“**County**” means the County of Riverside, California.

“**Debt Service**” means, for each Fiscal Year, the total amount of principal and interest payable on any 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 Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for new construction or renovations was issued prior to April 1 of the previous Fiscal Year.

“**Final Subdivision**” means a subdivision of property created 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 1352 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.

**“Improvement Area No. 6” or “IA No. 6”** means Improvement Area No. 6 of CFD No. 2001-1, as identified on the amended boundary map for CFD No. 2001-1 as amended.

**“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 and Table 2.

**“Lot”** means an individual legal lot created by a Final Subdivision map for which a building permit for residential construction has or may be issued.

**“Market Study”** means a comparative market analysis performed on behalf of the City in conjunction with the issuance of the first series of Bonds.

**“Maximum Annual Special Tax”** means the greatest amount of Special Tax, determined in accordance with Section III below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Non-Residential Property”** means all Developed Property for which a building permit(s) was issued for a non-residential use.

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

**“Partial Prepayment Amount”** means a prepayment of a portion of the Special Tax obligation applicable to a parcel of Taxable Property as set forth in Section VI.

**“Property Owner Association Property”** means any property within the boundaries of IA No. 6 owned in fee, dedicated to or subject to an easement benefiting a property owner association, including any master or sub-association.

**“Property Tax Burden”** means the total estimated amount of property taxes an owner of a residential dwelling unit would expect to pay for such residential dwelling unit in a Fiscal Year, including *ad valorem* property taxes, Assigned Special Tax for IA No. 6, and other special assessments, fees and charges placed on the County property tax bill (but excluding homeowner association dues, property owner association dues, or other non-governmental charges), expressed as a percentage of the expected sales prices of the residential dwelling unit based on the Market Study.

**“Proportionately” or “Proportionate”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned 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. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section IV below.

**“Provisional Undeveloped 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 IX, 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 IX.

**“Public Property”** means any property within the boundaries of IA No. 6 the ownership of which is transferred to a public agency on or after the date of formation of CFD No. 2001-1 and is used for rights-of-way or any other purpose and is owned by or dedicated 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 Floor Area”** 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 Residential Floor Area shall be made by reference to the initial building permit(s) issued for such Assessor’s Parcel.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes 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.

**“Resolution of Issuance”** means the Resolution passed by the Council authorizing the issuance of bonds.

**“Resolution of Change”** means the Resolution passed by the Council authorizing and approving this Second Amended and Restated Rate and Method of Apportionment.

**“Special Tax”** means any tax levied within IA No.6 of the CFD pursuant to the Act and this Second Amended and Restated 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 as specified in Section VI for the term of the Special Tax specified in Section VIII.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay 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 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 IA No. 6 which are not exempt from the levy of the Special Tax pursuant to law or Section IX below.

“**Taxable Property Owner Association Property**” means all Assessor’s Parcels of Property Owner Association Property within IA No. 6 that are not exempt from the levy of Special Tax pursuant to Section IX below.

“**Taxable Public Property**” means all Assessor’s Parcels of Public Property that are not exempt from the levy of Special Tax pursuant to Section IX 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, Taxable Property Owner Association Property, or Taxable Public Property.

“**Zone**” means, as the context requires, either Zone 1 or Zone 2.

“**Zone 1**” means all property located within the area identified as Zone 1 in Exhibit A to this Rate and Method of Apportionment.

“**Zone 2**” means all property located within the area identified as Zone 2 in Exhibit A to this Rate and Method of Apportionment.

## **II. CLASSIFICATION OF PARCELS**

Each Fiscal Year, each Assessor’s Parcel within IA 6 shall be assigned to Zone 1 or Zone 2 in accordance with Exhibit A to this Second Amended and Restated Rate and Method of Apportionment, and each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within IA No. 6 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections III and IV below. Assessor’s Parcels of Developed

Property shall be classified as Residential Property or Non-Residential Property. Assessor's Parcels of Residential Property shall be further classified to its applicable Land Use Class based on its Residential Floor Area.

**III. MAXIMUM SPECIAL TAX RATES**

**1. Developed Property**

(a). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Residential Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax. The Maximum Special Tax for each Assessor's Parcel classified as Non-Residential Property in any Fiscal Year shall be the Assigned Special Tax in Table 1 for Zone 1 and Table 2 for Zone 2 below.

(b). Assigned Special Tax

The Assigned Special Tax applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2007-2008 shall be determined pursuant to Table 1 for Zone 1 and Table 2 for Zone 2 below.

**TABLE 1**

**Assigned Special Taxes for Developed Property  
Improvement Area No. 6, Zone 1  
Fiscal Year 2007-2008**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Assigned Special Tax</b>
1	Residential Property	1,900 sq. ft. or less	\$2,397 per Residential Unit
2	Residential Property	1,901 sq. ft. to 2,200 sq. ft.	\$2,510 per Residential Unit
3	Residential Property	2,201 sq. ft. to 2,500 sq. ft.	\$2,622 per Residential Unit
4	Residential Property	2,501 sq. ft. to 2,800 sq. ft.	\$2,778 per Residential Unit
5	Residential Property	2,801 sq. ft. or greater	\$2,876 per Residential Unit
6	Non-Residential Property	N/A	\$19,457 per Acre

**TABLE 2**

**Assigned Special Taxes for Developed Property  
Improvement Area No. 6, Zone 2  
Fiscal Year 2007-2008**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Assigned Special Tax</b>
1	Residential Property	1,900 sq. ft. or less	\$1,977 per Residential Unit
2	Residential Property	1,901 sq. ft. to 2,200 sq. ft.	\$2,075 per Residential Unit
3	Residential Property	2,201 sq. ft. to 2,600 sq. ft.	\$2,153 per Residential Unit
4	Residential Property	2,601 sq. ft. to 2,800 sq. ft.	\$3,023 per Residential Unit
5	Residential Property	2,801 sq. ft. or greater	\$3,121 per Residential Unit
6	Non-Residential Property	N/A	\$15,377 per Acre

On July 1<sup>st</sup> of each Fiscal Year, commencing July 1, 2008, the Assigned Special Tax in Table 1 and Table 2 for each Land Use Class shall increase by two-percent (2.0%) of the amount in effect in the prior Fiscal Year.

(c). Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

(d). Backup Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property shall be subject to a Backup Special Tax. Each Zone's Backup Special Tax rate for Residential Property within a Final Subdivision shall be the rate per Lot calculated according to the following formula:

$$B = \frac{Z \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax per Assessor’s Parcel for the applicable Fiscal Year
- Z = Maximum Special Tax for Undeveloped Property for the applicable Fiscal Year and Zone
- A = Acreage of Taxable Property, excluding Taxable Public Property or Taxable Property Owner Association Property in such Final Subdivision that lie within the boundaries of each Zone of IA No. 6, as determined by the CFD Administrator pursuant to Section IX
- L = Total Lots within the Final Subdivision that lie within the boundaries of the Zone

If a Final Subdivision includes Assessor’s Parcels for which building permits for both residential and non-residential construction may be issued, then the Backup Special Tax for each Assessor’s Parcel of Residential Property within such Final Subdivision area shall be computed by the CFD Administrator exclusive of the allocable portion of total Acreage of Taxable Property attributable to Assessor’s Parcels for which building permits for non-residential construction may be issued.

Except as provided below (and except for the 2% annual increase), once a Final Subdivision is recorded, the Backup Special Tax for each Assessor’s Parcel within such Final Subdivision shall be fixed and shall not be recalculated. Notwithstanding the foregoing, if Assessor’s Parcels of Residential Property are subsequently changed or modified by recordation of a subsequent Final Subdivision, then the Backup Special Tax as previously determined will be applied to the unchanged Lots and a Revised Backup Special Tax shall be recalculated to equal the amount of the Backup Special Tax that would have been generated if such change did not take place and applied to the Lots that are part of the changed or modified area based on the following formula:

$$R = \frac{C}{N}$$

The terms above have the following meanings:

R = Revised Backup Special Tax per Assessor's Parcel that applies to the changed or modified lots in a Final Subdivision.

C = Backup Special Tax applicable to the changed or modified lots in a Final Subdivision prior to the change or modification.

N = Total number of Lots of Residential Property created through the change or modification of the Final Subdivision.

**2. Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property.**

The Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property for Fiscal Year 2007-2008 shall be determined by reference to the table below.

<b>Zone</b>	<b>Maximum Special Tax</b>
Zone 1	\$19,457 per Acre
Zone 2	\$15,377 per Acre

On July 1<sup>st</sup> of each Fiscal Year, commencing July 1, 2008, the Maximum Special Tax within each Zone for Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property shall increase by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**IV. APPORTIONMENT OF SPECIAL TAX**

For each Fiscal Year, the Council shall determine the Special Tax Requirement and levy the Special Tax, until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Assigned Special Tax as necessary to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step 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;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Residential Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 6, except for those Residential Properties whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within IA No. 6.

**V. MANNER OF COLLECTION**

Collection of the Special Tax shall be by the County in the same manner as ordinary *ad valorem* property taxes are collected, and the 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 in the Indenture or in the Resolution of Issuance for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners, and (ii) judicial foreclosure of delinquent Special Taxes.

**VI. DISCHARGE OF SPECIAL TAX OBLIGATION**

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. Prepayment is permitted only under the following conditions:

The following definitions apply to this Section VI:

**“CFD Public Facilities Costs”** means either \$9,936,372 in 2007 dollars, which shall increase by the Construction Inflation Index on July 1, 2008, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed by IA No. 6 under the authorized Mello-Roos financing program for CFD No. 2001-1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more IA No. 6 Bonds (except refunding bonds) to be supported by Special Taxes.

“**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.

“**Construction Inflation Index**” means the annual percentage change in the *Engineering News-Record* Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the *Engineering News-Record* Building Cost Index for the City of Los Angeles.

“**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 earmarked 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.

“**Previously Issued Bonds**” means all IA No. 6 Bonds that have been issued prior to the date of prepayment.

**1. Prepayment in Full**

The Special Tax Obligation applicable to an Assessor’s Parcel in IA No. 6 may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax 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 intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and 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 more than 60 days prior to any redemption date for the IA No. 6 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated 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 below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup 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. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for IA No. 6 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of IA No. 6 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at build-out for IA No. 6, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (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 current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) 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 earliest redemption date for the Outstanding Bonds.



9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").
11. Verify the administrative fees and expenses of IA No. 6, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming IA No. 6, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").
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 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 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 larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
14. 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, 10, 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. 2001-1.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of IA No. 6 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 IA No. 6 Bonds to be used with the next prepayment of IA No. 6 Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that 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 Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the Special Tax Obligation 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 that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor's Parcel of Developed Property, or an Assessor's Parcel of 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 VI.1.; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

$P_E$  = the Prepayment Amount calculated according to Section VI.1.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax 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 for an Assessor's Parcel within thirty (30) 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 VI.1., and (ii) indicate in the records of CFD No. 2001-1 that there has been a partial prepayment of the Special Tax 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 remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section IV.

## **VII. MANDATORY MAXIMUM SPECIAL TAX REDUCTION**

Prior to the issuance of the first series of Bonds, the Property Tax Burden shall be calculated pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of the adoption of the Resolution of Change (the “Goals and Policies”) on Developed Property by the CFD Administrator. The Assigned Special Tax and Backup Special Tax for each Land Use Class set forth in Section III of this Second Amended and Restated Rate and Method of Apportionment shall be permanently reduced if it is reasonably determined by the CFD Administrator that the Property Tax Burden of any Residential Unit within such Land Use Class exceeds the maximum rate stated in the Goals and Policies. In such a case, the CFD Administrator shall take the following steps:

Step 1: The CFD Administrator shall calculate the Property Tax Burden for each Residential Unit within each Land Use Class of Developed Property set forth in Table 1 and Table 2.

Step 2: For any Land Use Class of Residential Property set forth in Table 1 or Table 2 for which the Property Tax Burden exceeds the maximum rate stated in the Goals and Policies, the Assigned Special Tax within the subject Land Use Class shall be permanently reduced so that the highest Property Tax Burden within such Land Use Class equals the rate set forth in the Goals and Policies.

Step 3: The CFD Administrator shall determine the sum of the reduced Assigned Special Tax as calculated in Step 2 multiplied by the expected number of Residential Units within each Land Use Class expected to be developed within IA No. 6 at build-out (“Estimated Annual Special Tax Revenues”). The Assigned Special Tax for Non-Residential Property and the Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property and Undeveloped Property shall be reduced to an amount equal to the Estimated Annual Special Tax Revenues divided by the minimum taxable Acres set forth in Section IX.

Step 4: If the Mandatory Special Tax Reduction is implemented, then Table 1 and Table 2, as applicable, shall be modified and the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Assigned Special Taxes and Backup Special Taxes on Residential Property, the lower Assigned Special Taxes on Non-Residential Property, and the lower Maximum Special Taxes on Taxable Property Owner Association Property, Taxable Public Property, and Undeveloped Property.

## **VIII. TERM OF “SPECIAL TAX”**

The Special Tax shall be levied annually for a period not to exceed the 2047-2048 Fiscal Year commencing with Fiscal Year 2007-2008; provided, however, that Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the IA No. 6 Bonds have been paid. The Special Tax shall not be levied on any Assessor’s Parcel that has prepaid in full its Special Tax Obligation.

## **IX. EXEMPTIONS**

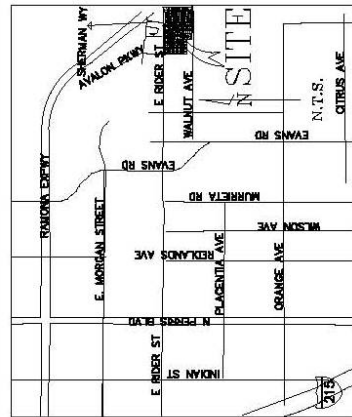
The Council shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowner's association, (iv) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the Council, provided that no such classification would reduce the sum of all Taxable Property in IA No. 6 to less than 17.14 acres of Acreage for Zone 1 and 22.98 acres of Acreage for Zone 2. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in IA No. 6 to less than 17.14 acres of Acreage for Zone 1 and 22.98 acres of Acreage for Zone 2, shall be classified as Provisional Undeveloped Property, and will continue to be subject to the IA No. 6 Special Taxes accordingly. Special Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes Exempt Property.

The Maximum Special Tax obligation for any property which would be classified as Public Property upon its transfer or dedication to a public agency but which is classified as Provisional Undeveloped Property pursuant to the first paragraph of this Section IX above shall be prepaid in full by the seller pursuant to Section VI, prior to the transfer/dedication of such property to such public agency. Until the Special Tax Obligation for any such Public Property is prepaid, the property shall continue to be subject to the levy of the Special Tax as Provisional Undeveloped Property.

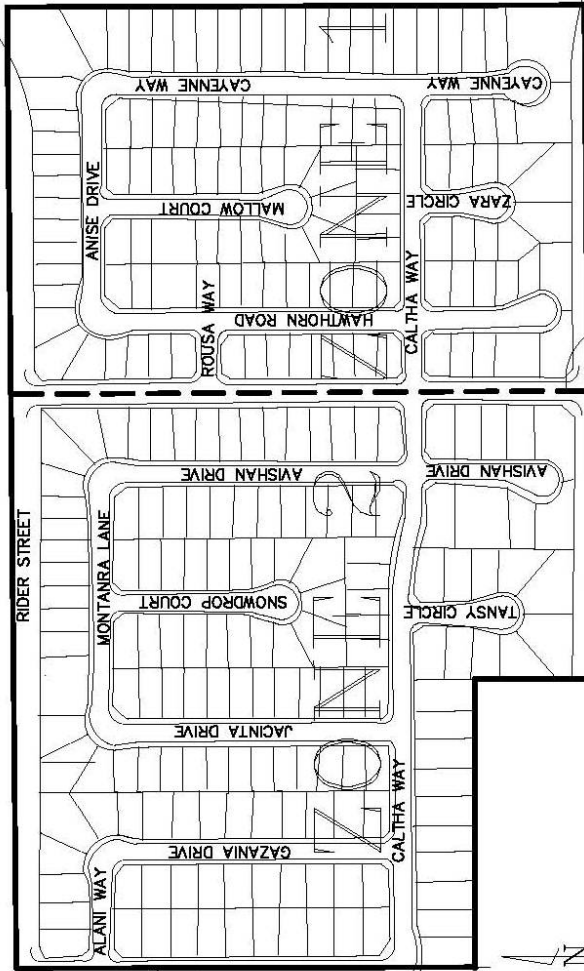
If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section IX above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall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

# EXHIBIT A

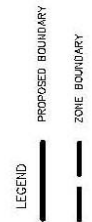
MAP OF ZONES OF  
 COMMUNITY FACILITIES DISTRICT NO. 2001-1 (MAY FARMS)  
 IMPROVEMENT AREA NO. 6  
 CITY OF PERRIS



VICINITY MAP



WALNUT AVENUE  
 SHERMAN AVENUE



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