

RESOLUTION NO. 15,492

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD,
CALIFORNIA, DETERMINING THE VALIDITY OF PRIOR PROCEEDINGS,
ESTABLISHING CITY OF OXNARD COMMUNITY FACILITIES DISTRICT
NO. 9 (NORTHSHORE AT MANDALAY BAY), AND APPROVING THE
EXECUTION AND DELIVERY OF A FUNDING AND ACQUISITION
AGREEMENT

WHEREAS, the City Council (the "Council") of the City of Oxnard (the "City") has heretofore adopted Resolution No. 15,482 ("Resolution of Intention") stating its intention to form City of Oxnard Community Facilities District No. 9 (Northshore at Mandalay Bay) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act"); and

WHEREAS, a copy of the Resolution of Intention is on file with the City Clerk and incorporated herein by reference; and

WHEREAS, pursuant to the Act and in accordance with applicable laws in all material respects, this Council held a public hearing on the formation of the CFD and the incurring of bonded indebtedness with respect to the CFD; and

WHEREAS, prior to the commencement of the public hearing, there was filed with the Council a Community Facilities District Report prepared by NBS Government Finance Group (the "CFD Report") containing a boundary map, and a description and an estimate of the facilities and services and incidental expense to be financed by the CFD, and the CFD Report has been reviewed by the Council and is incorporated herein and made a part of the record of the public hearing; and

WHEREAS, at said hearing all persons not exempt from the special taxes desiring to be heard on all matters pertaining to the formation of the CFD and the issuance of debt were heard and a full and fair hearing was held; and

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

WHEREAS, pursuant to Sections 53313.5 and 53314.9 of the Act, there has been submitted to this Council a Funding and Acquisition Agreement by and between the City, acting on behalf of the CFD and MPL Property Holdings LLC (the "Funding and Acquisition Agreement") relating to the construction, acquisition, payment and reimbursement of the Facilities (as defined herein), and this Council, with the aid of its staff, has reviewed said document and found it to be in proper order.

NOW, THEREFORE, the City Council of the City of Oxnard, does resolve as follows:

PART 1. Pursuant to Section 53325.1(b) of the Act, the Council finds and determines that the proceedings prior hereto were valid and in conformity with the requirements of the Act in all material respects.

PART 2. Written protests against the establishment of the CFD, or against the furnishing of specified facilities or services or the levying of a specified special tax within the CFD, or the incurrence of indebtedness by the CFD, have not been filed by fifty percent (50%) or more of the registered voters or property owners of one-half (1/2) or more of the area of land within the CFD.

PART 3. A community facilities district to be designated “City of Oxnard Community Facilities District No. 9 (Northshore at Mandalay Bays)” is hereby established pursuant to the Act.

PART 4. The description and map of the boundaries of the CFD as shown on the map entitled “Map of Proposed Boundaries, City of Oxnard Community Facilities District No. 9 (Northshore at Mandalay Bay)” on file in the City Clerk’s office and as described in the Resolution of Intention and incorporated herein by reference, shall be the boundaries of the CFD. The map of the proposed boundaries of the CFD has been recorded in the Office of the County Recorder of Ventura County, California (Book 20 of Maps of Assessment and Community Facilities Districts at page 27).

PART 5. The facilities proposed to be financed by the CFD are public infrastructure facilities and other governmental facilities, including fees related thereto, with an estimated useful life of five years or longer, which the CFD is authorized by law to construct, own or operate and that are necessary to meet increased demands placed upon the City as a result of development occurring within the proposed the CFD, including but not limited to all or a portion of sanitary sewer, water, street, storm drain and park facilities, public art or other real or tangible property, and related costs including design, inspection, professional fees, and acquisition costs (the “Facilities”). Such Facilities need not be physically located within the CFD.

The types of services proposed to be provided for and financed by the CFD include, but shall not limited to, landscaping, streetlighting, maintenance of sewer, storm drain, irrigation systems, and parks, Edison Canal and Channel Island Harbor maintenance, and weed abatement (the “General Services”), and the remediation, operation, maintenance and/or monitoring of any hazardous substance released or threatened to be released into the environment on the Property as more particularly described in the Response Plan approved by the Department of Toxic Substances Control (“DTSC”) on December 17, 2018 (the “Response Plan”), the Operation and Maintenance Plan approved by DTSC on March

7, 2019 (“O&M Plan”) and any additional remedial activities or protective measures (the “Remediation Services” and together with the General Services, the “Services”), which Services are in addition to and do not supplant those services already provided in the territory within the CFD prior to the establishment of the CFD. The Facilities and Services are more fully described in the CFD Report.

PART 6. The CFD Report contains through incorporation by reference the Response Plan and the O&M Plan, which together constitute the remedial action plan for the Remediation Services in accordance with Section 53321.5 of the Act. The Response Plan and O&M Plan shall be made a part of the record of the hearing.

PART 7. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act (i) a special tax within the CFD sufficient to pay for the costs of financing the purchase, construction, expansion, modification, rehabilitation or improvement of the Facilities (the “Special Tax – Facilities”), including the principal of and interest on two or more series of the bonds proposed to be issued to finance the Facilities and other periodic costs, the establishment and replenishment of reserve funds, the remarketing, credit enhancement and liquidity fees, the costs of administering the levy and collection of the Special Taxes and all other costs of the levy of the Special Taxes and issuance of the bonds, including any foreclosure proceedings, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees, interest on bonds (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 issues, (ii) a special tax within the CFD sufficient to pay for the costs of financing the General Services (the “Special Tax - Services”), and (iii) a special tax within the CFD sufficient to pay for the costs of financing the Remediation Services (the “Special Tax - Environmental,” and together with Special Tax - Facilities and the Special Tax - Services, the “Special Taxes”), including the obligation of the CFD with respect to Special Tax - Environmental under the Special Tax Disbursement Agreement (the “Special Tax Disbursement Agreement”), by and among the City, on behalf of itself and the CFD, MPL Property Holdings LLC, and Northshore Environmental Conservancy.

The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the CFD. 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 CFD pursuant to Section 53314 of the Act and interest thereon.

The schedule of the rate and method of apportionment (the "RMA") and manner of collection of the Special Taxes are described in detail in Exhibit A attached hereto and by this reference incorporated herein. The Special Taxes are based upon the cost of financing the Facilities and the Services in the CFD, the demand that each parcel will place on the Facilities and the Services and the benefit (direct and/or indirect) received by each parcel from the Facilities and the Services. The RMA provides sufficient detail to allow each owner of nonexempt real property within the CFD to estimate the maximum amount that such person will have to pay for the Facilities and the Services.

The Special Taxes are apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and as described in the RMA and such Special Taxes are not levied on or based upon the value or ownership of real property. In the event that a portion of the property within the CFD shall become for any reason exempt, wholly or partially, from the levy of the Special Taxes, the Council shall, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within the CFD which is not delinquent or exempt in order to yield the required payments, subject to the maximum tax. Under no circumstances, however, shall the Special Tax - Facilities levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. Furthermore, the maximum Special Tax - Facilities authorized to be levied against any parcel used for private residential purposes shall not be increased over time in excess of 2 percent per year.

Special Tax - Facilities shall not be levied or collected after fiscal year 2065-66, except that Special Tax - Facilities that was lawfully levied in or before such final tax year and that remains delinquent may be collected in subsequent years. Special Tax - Services shall be levied and collected in perpetuity. Special Tax - Environmental shall be levied and collected as provided in the RMA.

Pursuant to Section 53340 of the Act, the annual Special Taxes shall be collected in the same manner as ordinary ad valorem property taxes are collected or in such other manner as this Council shall determine, including without limitation, direct billing of the affected property owners and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes.

PART 8. Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code, a

continuing lien to secure each levy of the Special Taxes shall attach to all non-exempt real property in the CFD, and the lien with respect to the Special Tax - Facilities shall continue in force and effect until the Special Tax - Facilities obligation is prepaid or otherwise permanently satisfied and the lien canceled in accordance with law and the lien with respect to the Special Tax - Services and Special Tax – Environmental shall continue in force and effect until collection of such Special Taxes by the CFD ceases.

PART 9. The Council finds that the proposed Facilities and Services are necessary to meet the increased demand put upon the City as a result of the development within the CFD.

PART 10. The CFD Report is ordered to be kept on file with the minutes of these proceedings and open for public inspection.

PART 11. Pursuant to and in compliance with the provisions of California Government Code Section 50075.1, the Council hereby establishes the following accountability measures pertaining to the levy by the CFD of the Special Taxes:

- (a) Such Special Taxes shall be levied for the specific purposes set forth herein.
- (b) The proceeds of the levy of such Special Taxes shall be applied only to the specific purposes set forth herein.
- (c) The CFD shall establish accounts into which the proceeds of such Special Taxes shall be deposited.
- (d) The Finance Director, or his or her designee, acting for and on behalf of the CFD, shall annually file a report with the Council as required pursuant to California Government Code Section 50075.3.

PART 12. The Finance Director, 300 West Third Street, Oxnard, CA 93030, (805-385-7461), or his or her designee, is designated to be responsible for preparing or causing to be prepared annually a current roll of Special Tax levy obligations by assessor's parcel number and for estimating future Special Tax levies pursuant to Section 53340.1 of the California Government Code.

PART 13. The voting procedure with respect to the imposition of the Special Taxes, incurring bonded indebtedness and establishing an appropriations limit of the CFD shall be by hand delivered or mailed ballot election as provided in the Resolution of Intention, and is hereby incorporated in its entirety by reference hereto.

PART 14. The City may accept advances of funds 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 by the City in creating the CFD. The City has entered into a deposit 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 Taxes, if the proposal to levy such

taxes should fail, and to repay all of such funds advanced if the levy of the Special Taxes shall be approved by the qualified electors of the CFD.

PART 15. The City hereby approves the Funding and Acquisition Agreement, substantially in the form submitted to the City Clerk, with such revisions, amendments and completions as shall be approved by the Mayor, the City Manager, Finance Director or any designee of any of them, with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof. Any work in-kind accepted and reimbursed by the CFD contemplated by the Funding and Acquisition Agreement shall be performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the City or the CFD.

PART 16. It is the intention of the Council to replace the previously established City of Oxnard Community Facilities District No. 6 ("CFD No. 6") with the CFD following the election relating to the CFD. Immediately following the adoption of an ordinance levying the Special Taxes for the CFD, the Council intends to adopt an ordinance dissolving CFD No. 6 and stating that all associated liens shall cease and be extinguished.

PART 17. The City Clerk is directed to certify and attest to this Resolution and to take any and all necessary acts to call, hold, canvass and certify an election or elections on the incurring of bonded indebtedness, the levy of the Special Taxes, and the establishment of the appropriation limit.

PART 18. This Resolution shall take effect upon its adoption.

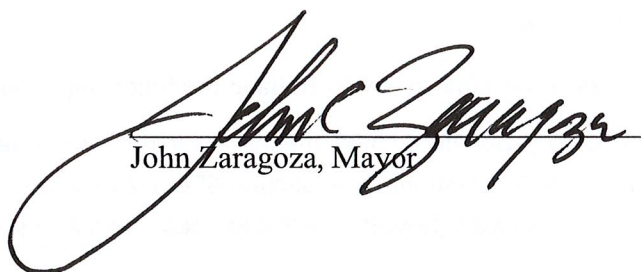
The foregoing Resolution was adopted at a regular meeting of the City Council of the City of Oxnard, State of California, held on the 5th day of October 2021, by the following vote:

AYES: Councilmembers Basua, Lopez, MacDonald, Madrigal, Perello, Teran and Zaragoza.

NOES: None.

ABSTAIN: None.

ABSENT: None.


John Zaragoza, Mayor

ATTEST:

APPROVED AS TO FORM:


Rose Chaparro, City Clerk


Stephen M. Fischer, City Attorney

EXHIBIT A
RATE AND METHOD OF APPORTIONMENT FOR
CITY OF OXNARD
COMMUNITY FACILITIES DISTRICT NO. 9
(Northshore at Mandalay Bay)

Three Special Taxes, as hereinafter defined, shall be levied on all Assessor's Parcels in the City of Oxnard (the "City") Community Facilities District No. 9 (Northshore at Mandalay Bay) ("CFD No. 9") and collected each Fiscal Year commencing in Fiscal Year 2022/23, in amounts determined by the City or its designee, through the application of the Rate and Method of Apportionment as described below. All real property in CFD No. 9, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" means a secondary residential unit of limited size, as defined in California Government Code Section 65852.2 as that may be amended from time to time, that is accessory to a single-unit dwelling located on an Assessor's Parcel.

"Acre" or "Acreage" means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel may be determined by the CFD Administrator based upon the applicable condominium plan, final map, parcel map or calculated using available spatial data and GIS.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 9: the costs of any paying agents/fiscal agents/trustees related to Bond payments (including the fees and expenses of its counsel), banking and management; the costs of computing the Special Tax Requirements, the Special Taxes and of preparing the collection schedules for the Special Taxes; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements of California law (including the Act) and the federal securities laws; costs of responding to public inquiries regarding the Special Taxes; the costs of the City or designee related to an appeal of the Special Taxes or interpretation of the Rate and Method of Apportionment; amounts needed to pay rebate to the federal government related to Bonds; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in the City. Administrative Expenses shall also include an allocable share of the salaries of City staff and an allocable portion of City overhead costs relating to the foregoing, or costs of the City in any way related to the establishment or administration of the City. Administrative Expenses shall also

include amounts estimated or advanced by the City or CFD No. 9 for any other administrative purposes of CFD No. 9.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Building Square Footage, and Units.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

"Assessor's Parcel Number" or "APN" means, with respect to an Assessor's Parcel, that number assigned to such Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax - Facilities" means the Assigned Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Assigned Special Tax - Environmental" means the Assigned Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Authorized Environmental Services" means the services related to environmental operations, maintenance, and monitoring authorized to be funded, in whole or in part, by CFD No. 9.

"Authorized Facilities" means the public facilities and capital fees, authorized to be financed, in whole or in part, by CFD No. 9, including by the proceeds of any CFD No. 9 Bonds.

"Authorized Maintenance Services" means the services authorized to be funded, in whole or in part, by CFD No. 9.

"Backup Special Tax - Environmental" means the Backup Special Tax - Environmental applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax - Facilities" means the Backup Special Tax - Facilities applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means bonds or other debt (as defined in the Act), whether in one or more series, issued or assumed by or on behalf of CFD No. 9 under the Act. Bonds also includes any bonds issued to refinance a previous bond issue.

"Boundary Map" means that map recorded with the County recorder's office on _____ in Book ___ at Page ___ as Document Number _____.

"Building Square Footage" or "Building Square Feet" or, singularly, "Building Square Foot" means the building square footage assigned to each Assessor's Parcel, which may be determined by referencing (i) Assessor's Data, (ii) site surveys, and/or (iii) other research by the CFD Administrator.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirements, and providing for the levy and collection of the Special Taxes.

"CFD No. 9" means City of Oxnard Community Facilities District No. 9 (Northshore at Mandalay Bay).

"City" means the City of Oxnard, California.

"City Council" means the City Council, acting as the legislative body of CFD No. 9.

"Consumer Price Index" or **"CPI"** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Urban Consumers" in the Los Angeles – Riverside – Orange County Area, measured as of the month of April in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index.

"County" means the County of Ventura.

"Debt Service" means for each Debt Year, the total amount of principal and interest due for any Bonds of CFD No. 9.

"Debt Year" means each 12-month period designated as such, or by a similar term, in the Indenture for each series of Bonds.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Taxable Contingent Property, for which a Building Permit was issued on or before June 1 of the prior Fiscal Year. For example, Taxable Property for which a Building Permit was issued on or before June 1 of the prior Fiscal Year (i.e., June 1, 2022), would be treated as Developed Property for Fiscal Year 2022/23.

"Disbursement Agreement" means the Special Tax Disbursement Agreement executed on [DATE].

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

"GIS" or **"Geographic Information System"** means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds for CFD No. 9 are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Maximum Special Tax" means, individually or collectively, as the context requires, the Maximum Special Tax – Facilities, the Maximum Special Tax – Services, and/or the Maximum Special Tax – Environmental.

"Maximum Special Tax - Environmental" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Maximum Special Tax - Facilities" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Maximum Special Tax - Services" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Outstanding Bonds" means all Bonds that are outstanding under and in accordance with the provisions of the Indenture.

"Pay-As-You-Go Expenditure" means Pay-As-You-Go Revenue which is used or set aside for Authorized Facilities. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement until all Authorized Facilities have been constructed or acquired.

"Pay-As-You-Go Revenue" means Special Tax - Facilities revenues that are available after being used or set aside for Debt Service and Administrative Expenses.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 9 that is owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Property Type" means either Single Family Residential Property, Taxable Contingent Property, or Tax-Exempt Property.

"Proportionately" means for Developed Property, Taxable Contingent Property and Undeveloped Property that the ratio of each Special Tax levy to the related Maximum Special Tax is equal for all Assessors' Parcels of Developed Property, Taxable Contingent Property and Undeveloped Property, respectively.

"Public Property" means property within the boundaries of CFD No. 9 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Rate and Method of Apportionment" means this Rate and Method of Apportionment of Special Tax for CFD No. 9.

"Services Operating Reserve" means one or more accounts (whether funded by Special Taxes – Services or from funds outside of CFD No. 9) held by the City that serve as a reserve for Authorized Maintenance Services; provided, however, that the Services Operating Reserve may not exceed the Services Operating Reserve Requirement.

"Services Operating Reserve Requirement" means, in the aggregate for a Fiscal Year, an amount not in excess of the Maximum Special Tax – Services that may be levied on Taxable Property in such Fiscal Year.

“Single Family Residential Property” means all Assessor’s Parcels of Developed Property with a residential structure intended for a single Unit.

"Special Tax(es)" means, individually or collectively as the context requires, Special Tax – Facilities, Special Tax – Services, and/or Special Tax – Environmental.

“Special Tax – Environmental” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 9 to fund the Special Tax Requirement – Environmental.

“Special Tax – Facilities” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 9 to fund the Special Tax Requirement – Facilities.

“Special Tax – Services” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 9 to fund the Special Tax Requirement – Services.

"Special Tax Requirements” means, collectively, Special Tax Requirement – Facilities, Special Tax Requirement – Services, and Special Tax Requirement – Environmental.

"Special Tax Requirement - Environmental" means that amount required in any Fiscal Year for CFD No. 9 to pay for Authorized Environmental Services as determined by the budget set forth in the Disbursement Agreement (as such Disbursement Agreement may be amended from time to time). The budget set forth in the _ Disbursement Agreement is inclusive of contingency and reserves. The Special Tax – Environmental will not contribute to Administrative Expenses.

"Special Tax Requirement - Facilities" means that amount required in any Fiscal Year for CFD No. 9 to (1) pay Debt Service on all Outstanding Bonds which is due in such Fiscal Year; (2) pay Administrative Expenses; (3) provide any amount required to establish or replenish a reserve fund in connection with any Bonds; (4) through Fiscal Year 2042/43, any amounts needed for Pay-As-You-Go Expenditures eligible to be funded by CFD No. 9 under the Act, to the extent that the inclusion of such amounts does not increase the Special Tax - Facilities levy on Undeveloped Property; and (5) provide an amount equal to reasonably anticipated Special Tax - Facilities delinquencies based on the delinquency rate for the Special Tax - Facilities levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (3). The amounts referred to in clauses (1) through (5) of the preceding sentence may be reduced in any Fiscal Year (in the City’s sole discretion) by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax - Facilities, and (iii) any other revenues available to pay Debt Service on the Outstanding Bonds or other indebtedness as determined by the CFD Administrator.

"Special Tax Requirement - Services" means that amount required in any Fiscal Year for CFD No. 9 to (1) pay for Authorized Maintenance Services; (2) pay Administrative Expenses; (3) provide an amount equal to reasonably anticipated Special Tax - Services delinquencies based on the delinquency rate for the Special Tax - Services levied in the previous Fiscal Year as determined by

the CFD Administrator, as limited by the Act; and (4) provide any amount required to establish or replenish any Services Operating Reserve, to the extent that the inclusion of such amounts does not increase the Special Tax – Services levy on Undeveloped Property. The amounts referred to in clauses (1) through (4) of the preceding sentence may be reduced in any Fiscal Year (in the City’s sole discretion) by (i) proceeds from the collection of penalties associated with delinquent Special Tax – Services, (ii) any other revenues available to pay for Authorized Maintenance Services as determined by the CFD Administrator.

"State" means the State of California.

"Tax Escalation Factor" means a factor equal to the April annualized CPI for Los Angeles/Long Beach/Anaheim for all urban consumers that will be applied annually after 2022/23 and each Fiscal Year thereafter to increase the Maximum Special Tax – Services and Maximum Special Tax - Environmental over the previous year as shown in Section C. In the event that the percentage change in the annualized CPI is negative, the Maximum Special Tax Rate - Services and Maximum Special Tax – Environmental shall not be decreased, and the Tax Escalation Factor shall be 0.00%.

"Tax-Exempt Property" means all Assessor’s Parcels within the boundaries of CFD No. 9 which are exempt from the Special Tax pursuant to the Act or Section E below.

"Taxable Contingent Property" means, collectively, Taxable Property Owner Association Property and Taxable Public Property.

"Taxable Property" means all Assessor’s Parcels within the boundaries of CFD No. 9 which are not exempt from the Special Taxes pursuant to the Act or Section E below.

"Taxable Property Owner Association Property" means all Assessor’s Parcels of Property Owner Association Property that are not exempt from the Special Taxes pursuant to Section E below.

"Taxable Public Property" means all Assessor’s Parcels of Public Property that are not exempt from the Special Taxes pursuant to Section E below.

"Taxable Welfare Exempt Property" means all Assessor’s Parcels of Welfare Exempt Property that are not exempt pursuant to Section E below.

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

"Undeveloped Property" means all Assessor’s Parcels of Taxable Property that is not Developed Property.

"Unit" means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) other research by the CFD Administrator. An Accessory Dwelling Unit shall be considered a Unit for the purposes of the Special Taxes.

"Welfare Exempt Property" means (A) for the Special Tax – Facilities, all Assessor’s Parcels within the boundaries of CFD No. 9 that, prior to the issuance of the first series of Bonds, have been granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code. Once the first series of Bonds have been issued

for CFD No. 9, property may no longer be categorized as Welfare Exempt Property for the Special Tax – Facilities under this Rate and Method of Apportionment regardless of whether the Assessor’s Parcel has been granted a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code; (B) for the Special Tax – Services, all Assessor’s Parcels within the boundaries of CFD No. 9 that have been granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code, irrespective of whether Bonds have been issued; and (C) for the Special Tax – Environmental, because the Disbursement Agreement has already been executed and the Disbursement Agreement constitutes “debt” as defined by Section 53317 of the Act, all Assessor’s Parcels within the boundaries of CFD No. 9 subject to the Special Tax – Environmental shall not be eligible to be categorized as Welfare Exempt Property for the Special Tax – Environmental under this Rate and Method of Apportionment, and, therefore, all Assessor’s Parcels within the boundaries of CFD No. 9 subject to the Special Tax – Environmental shall be levied the Special Tax – Environmental regardless of whether an Assessor’s Parcel has been granted a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code.

“Zone” means the assignment of Assessor’s Parcels to a zone as shown on the Boundary Map of CFD No. 9.

“Zone A” means Assessor’s Parcels located in Zone A as shown on the Boundary Map of CFD No. 9.

“Zone B” means Assessor’s Parcels located in Zone B as shown on the Boundary Map of CFD No. 9.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, the CFD Administrator shall determine the valid Assessor’s Parcel Numbers for all Taxable Property within CFD No. 9. If any Assessor’s Parcel Numbers are no longer valid from the previous Fiscal Year, the CFD Administrator shall determine the new Assessor’s Parcel Number(s) that are in effect for the current Fiscal Year. To the extent Assessor’s Parcels of Taxable Property are subdivided, consolidated, or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor’s Parcel(s) pursuant to Section C.

Each Fiscal Year, all Assessor’s Parcels within CFD No. 9 shall be classified as follows:

1. Each Assessor’s Parcel shall be determined to be Taxable Property or Tax-Exempt Property.
2. Each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Undeveloped Property or Taxable Contingent Property. Taxable Property shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment determined pursuant to Sections C and D below.
3. Each Assessor’s Parcel of Developed Property shall be further classified as Single Family Residential Property. For Single Family Residential Property, the Building Square Footage for each Assessor’s Parcel shall be determined.

C. MAXIMUM SPECIAL TAX RATES

Notwithstanding the below, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor’s Parcel for which an occupancy permit for private residential use has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default by the owner(s) of any other Assessor’s Parcel within CFD No. 9.

MAXIMUM SPECIAL TAX – FACILITIES

1. Developed Property

The Maximum Special Tax - Facilities for each Assessor’s Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax - Facilities or (ii) the amount derived by application of the Backup Special Tax - Facilities.

Assigned Special Tax - Facilities

The Assigned Special Tax - Facilities for each Assessor’s Parcel of Developed Property is shown in Table 1.

**TABLE 1
ASSIGNED SPECIAL TAX - FACILITIES FOR DEVELOPED PROPERTY
FISCAL YEAR 2022/23**

Building Square Footage	Assigned Special Tax - Facilities Rate	Per	Zone
Less than 2,100 sq. ft.	\$2,418.84	Unit	A & B
2,100 - 2,249 sq. ft.	2,543.84	Unit	A & B
2,250 - 2,399 sq. ft.	2,707.07	Unit	A & B
2,400 - 2,549 sq. ft.	2,772.37	Unit	A & B
2,550 - 2,699 sq. ft.	2,919.28	Unit	A & B
2,700 - 2,849 sq. ft.	3,066.19	Unit	A & B
2,850 - 2,999 sq. ft.	3,266.19	Unit	A & B
3,000 – 3,149 sq. ft.	3,466.19	Unit	A & B
3,150 - 3,299 sq. ft.	3,653.83	Unit	A & B
3,300 - 3,449 sq. ft.	3,817.06	Unit	A & B
3,450 - 3,549 sq. ft.	3,980.29	Unit	A & B
3,550 - 3,649 sq. ft.	4,045.59	Unit	A & B
3,650 - 3,799 sq. ft.	4,135.59	Unit	A & B
3,800 - 3,949 sq. ft.	4,225.59	Unit	A & B
3,950 – 4,099 sq. ft.	4,315.59	Unit	A & B

4,100 - 4,250 sq. ft.	4,437.35	Unit	A & B
Greater than 4,250 sq. ft.	4,567.93	Unit	A & B

Increase in the Assigned Special Tax - Facilities

On each July 1, commencing on July 1, 2023, the Assigned Special Tax - Facilities for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Backup Special Tax - Facilities

The Backup Special Tax - Facilities for each Assessor’s Parcel of Developed Property shall be \$3,752 per Unit for Zone A and \$2,770 per Unit for Zone B.

The Backup Special Tax - Facilities for an Assessor’s Parcel shall not change once an Assessor’s Parcel is classified as Developed Property, except for the increase detailed below.

Increase in the Backup Special Tax - Facilities

On each July 1, commencing on July 1, 2023, the Backup Special Tax - Facilities for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Undeveloped Property and Taxable Contingent Property

Maximum Special Tax – Facilities

The Maximum Special Tax - Facilities for each Assessor’s Parcel of Undeveloped Property and Taxable Contingent Property shall be \$27,065 per Acre for Zone A and \$42,607 per Acre for Zone B.

Increase in the Maximum Special Tax – Facilities

On each July 1, commencing on July 1, 2023, the Maximum Special Tax - Facilities for Undeveloped Property and Taxable Contingent Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

MAXIMUM SPECIAL TAX – SERVICES

1. Developed Property, Taxable Contingent Property and Undeveloped Property

The Maximum Special Tax – Services for each Assessor’s Parcel of Developed Property, Taxable Contingent Property and Undeveloped Property is shown in Table 2.

**TABLE 2
MAXIMUM SPECIAL TAX - SERVICES
FISCAL YEAR 2022/23**

Land Use	Maximum Special Tax - Services Rate	Per	Zone
----------	-------------------------------------	-----	------

Developed Property– Single Family Residential Property	\$1,387	Unit	A & B
Undeveloped Property/Taxable Contingent Property	\$12,478	Acre	A & B

Increase in the Maximum Special Tax - Services

On each July 1, commencing on July 1, 2023, the Maximum Special Tax – Services for Developed Property, Taxable Contingent Property and Undeveloped Property shall be increased by an amount equal to the greater of two percent (2%) or the Tax Escalation Factor, provided that the annual escalation shall not under any circumstances exceed 5%.

MAXIMUM SPECIAL TAX – ENVIRONMENTAL

1. Developed Property

The Maximum Special Tax - Environmental for each Assessor’s Parcel of Developed shall be the greater of (i) the amount derived by application of the Assigned Special Tax - Environmental or (ii) the amount derived by application of the Backup Special Tax - Environmental.

Assigned Special Tax - Environmental

The Assigned Special Tax - Environmental for each Assessor’s Parcel of Developed Property is shown in Table 3.

**TABLE 3
ASSIGNED SPECIAL TAX - ENVIRONMENTAL FOR DEVELOPED PROPERTY
FISCAL YEAR 2022/23**

Land Use	Assigned Special Tax - Environmental Rate	Per	Zone
Developed Property – Single Family Residential Property	\$1,760	Unit	A & B

Increase in the Assigned Special Tax - Environmental

On each July 1, commencing on July 1, 2023, the Assigned Special Tax - Environmental for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Backup Special Tax - Environmental

The Backup Special Tax - Environmental for each Assessor’s Parcel of Developed Property shall be \$1,760 per Unit for Zone A and Zone B.

Increase in the Backup Special Tax - Environmental

On each July 1, commencing on July 1, 2023, the Backup Special Tax - Environmental for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Undeveloped Property and Taxable Contingent Property

Maximum Special Tax – Environmental

The Maximum Special Tax - Environmental for each Assessor's Parcel of Undeveloped Property and Taxable Contingent Property shall be \$15,649 per Acre for Zone A and Zone B.

Increase in the Maximum Special Tax – Environmental

On each July 1, commencing on July 1, 2023, the Maximum Special Tax - Environmental for Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

Commencing with Fiscal Year 2022/23 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirements, and shall levy each Special Tax until the amount of a Special Tax equals the applicable Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

Special Tax - Facilities

First: The Special Tax - Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax - Facilities for Developed Property to satisfy the Special Tax Requirement - Facilities.

Second: If additional monies are needed to satisfy the Special Tax Requirement – Facilities, the Special Tax - Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property whose Maximum Special Tax – Facilities is derived by the application of the Backup Special Tax – Facilities and shall be increased Proportionately from the Assigned Special Tax – Facilities up to the Maximum Special Tax – Facilities for each such Assessor's Parcel.

Third: If additional monies are needed to satisfy the Special Tax Requirement - Facilities, the Special Tax - Facilities shall be levied Proportionately on each Assessor's Parcels of Undeveloped Property at a rate up to 100% of the Maximum Special Tax – Facilities for Undeveloped Property.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement - Facilities, the Special Tax - Facilities shall be levied Proportionately on each Assessor's Parcel of Taxable Contingent Property at a rate up to 100% of the Maximum Special Tax – Facilities for Taxable Contingent Property.

Special Tax - Services

First: The Special Tax - Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Maximum Special Tax - Services for

Developed Property to satisfy the Special Tax Requirement - Services.

Second: If additional monies are needed to satisfy the Special Tax Requirement – Services, the Special Tax - Services shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at a rate up to 100% of the applicable Maximum Special Tax - Services for Undeveloped Property to satisfy the Special Tax Requirement - Services.

Third: If additional monies are needed to satisfy the Special Tax Requirement – Services, the Special Tax – Services shall be levied Proportionately on all Taxable Contingent Property at a rate up to 100% of the Maximum Special Tax – Services for Taxable Contingent Property.

Special Tax Requirement - Environmental

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax - Environmental for Developed Property to satisfy the Special Tax Requirement - Environmental.

Second: If additional monies are needed to satisfy the Special Tax Requirement – Environmental, the Special Tax - Environmental shall be levied Proportionately on each Assessor's Parcel of Developed Property whose Maximum Special Tax – Environmental is derived by the application of the Backup Special Tax – Environmental and shall be increased Proportionately from the Assigned Special Tax – Environmental up to the Maximum Special Tax – Environmental for each such Assessor’s Parcel.

Third: If additional monies are needed to satisfy the Special Tax Requirement - Environmental, the Special Tax - Environmental shall be levied Proportionately on each Assessor’s Parcels of Undeveloped Property at a rate up to 100% of the Maximum Special Tax – Environmental for Undeveloped Property.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement - Environmental, the Special Tax - Environmental shall be levied Proportionately on each Assessor’s Parcel of Taxable Contingent Property at a rate up to 100% of the Maximum Special Tax – Environmental for Taxable Contingent Property.

E. EXEMPTIONS

1. No Special Taxes shall be levied on up to 50.46 Acres of Property Owner Association Property and Public Property for Zone A and up to 7.34 Acres of Property Owner Association Property and Public Property for Zone B. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property, or Public Property.
2. Any property that is granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code prior to the first series of CFD No. 9 Bonds shall thereafter be exempt from the Special Tax - Facilities. Any property that is granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code after the first series of CFD No. 9 Bonds have been issued shall not be considered Welfare Exempt Property for the Special

Taxes - Facilities and shall not be exempt from Special Tax - Facilities.

3. Any property that is granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code shall thereafter be exempt from the Special Tax – Services, irrespective of whether Bonds have been issued.
4. Any property that is granted a welfare exemption pursuant to Section 53340(c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be exempt from the Special Tax - Environmental.
5. Property Owner Association Property, that is not exempt from the Special Taxes under this section, or pursuant to the Act, shall be classified as Taxable Property Owner Association Property. Taxable Property Owner Association Property shall be subject to the levy of the Special Taxes and shall be taxed Proportionately as described in Section D above, at up to 100% of the applicable Maximum Special Taxes for Taxable Contingent Property as shown in Section C above.
6. Public Property, that is not exempt from the Special Taxes under this section, or pursuant to the Act, shall be classified as Taxable Public Property. Taxable Public Property shall be subject to the levy of the Special Taxes and shall be taxed Proportionately as described in Section D above, at up to 100% of the applicable Maximum Special Taxes for Taxable Contingent Property as shown in Section C above.
7. Prior to 60 days before the issuance of the first series of CFD No. 9 Bonds, the CFD Administrator may increase or decrease the exempt Acres described in paragraph 1 to better reflect the actual tax-exempt acreage within CFD No. 9. However, notwithstanding the above, the final number of taxable Acres in CFD No. 9 shall not be decreased if it causes an increase in the Special Tax – Facilities or Special Tax - Environmental levied on any existing Assessor’s Parcel of Developed Property.

F. APPEALS

Any property owner may file a written appeal of the Special Taxes with the CFD Administrator claiming that the amount or application of the Special Taxes is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator’s decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City Council requires the Special Taxes to be modified or changed in favor of the

property owner, the CFD Administrator shall determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. INTERPRETATIONS

The City Council may, by resolution or ordinance, interpret, clarify and/or revise this Rate and Method of Apportionment to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of Assessor's Parcels, or any definition used herein, as long as such correction does not materially affect the levy and collection of Special Taxes. In addition, the interpretation and application of any section of this document shall be at the City's discretion.

H. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may, at the sole discretion of the City, directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of the Special Tax.

I. PREPAYMENT OF SPECIAL TAX - FACILITIES

The following definition applies to this Section I:

"Future Facilities Amount" means, \$17,000,000, all Authorized Facilities financed or anticipated by the City to be financed by CFD No. 9, minus (i) the proceeds of any previously issued Bonds which were, at the time of issuance, available to the City for Authorized Facilities, (ii) the cost of Authorized Facilities or portions thereof previously paid for by Pay-As-You-Go Revenue, and (ii) cost of Authorized Facilities or portions thereof to be paid for by Pay-As-You-Go Revenue previously received and not yet spent. The Future Facilities Amount shall not be less than \$0.

"Maximum Special Tax Percentage to be Prepaid" means the percentage of the Maximum Special Tax - Facilities prepaid as determined by the CFD Administrator after application of the prepayment calculation set forth below.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 9 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax - Facilities obligation of an Assessor's Parcel of Developed Property, Taxable Contingent Property, or Undeveloped Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax - Facilities 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 - Facilities obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	plus	Bond Redemption Amount
	plus	Redemption Premium
	plus	Defeasance Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	<u>less</u>	<u>Capitalized Interest Credit</u>
Total:	equals	Special Tax Prepayment Amount

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

Step Number:

1. Confirm that no Special Tax - Facilities delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property and Taxable Contingent Property compute the Assigned Special Tax - Facilities and Backup Special Tax - Facilities. For Assessor's Parcels of Undeveloped Property to be prepaid, compute the Assigned Special Tax - Facilities and Backup Special Tax - Facilities for that Assessor's Parcel as though it was already designated as Developed Property, based upon the number of expected Units to be developed on that Assessor's Parcel.
3. Divide the Assigned Special Tax - Facilities computed pursuant to Step 2 by the total estimated Assigned Special Tax - Facilities for CFD No. 9 based on the Developed Property Special Tax - Facilities which could be charged in the current Fiscal Year on all expected buildout of CFD No. 9, excluding any Assessor's Parcels which have prepaid the Special Tax - Facilities obligation in full pursuant to Section I.1.
 - b. Divide the Backup Special Tax - Facilities computed pursuant to Step 2 by the total estimated Backup Special Tax - Facilities for CFD No. 9 based on the Developed Property Special Tax - Facilities which could be charged in the current Fiscal Year on all expected buildout of CFD No. 9, excluding any Assessor's Parcels which have prepaid the Special Tax - Facilities obligation in full pursuant to Section I.1.
4. Multiply the larger quotient computed pursuant to Step 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. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the total Future Facilities Costs to compute the amount of the Future Facilities Amount to be prepaid (the *“Future Facilities Amount”*).
7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the *“Redemption Premium”*).
8. Compute the amount needed to pay interest on the Bond Redemption Amount on the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to Step 8 (the *“Defeasance Amount”*).
11. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the *“Administrative Fees and Expenses”*).
12. A reserve fund credit (the *“Reserve Fund Credit”*) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
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 Steps 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 - Facilities prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10 and 11, less the amount computed pursuant to Steps 12 and 13 (the *“Prepayment Amount”*).
15. From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, 10, 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds and make debt service payments. The amount computed

pursuant to Step 6 shall be deposited into the Construction Fund. The amount computed pursuant to Step 11 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment amount that is not \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

Any current-year Special Tax – Facilities that has been placed on the County tax roll will remain on the tax roll.

Notwithstanding the foregoing, no Special Tax - Facilities prepayment shall be allowed unless the amount of the Maximum Special Tax - Facilities that may be levied on Taxable Property both prior to and 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 – Facilities may be partially prepaid, provided that a partial prepayment may be made after all authorized CFD No. 9 Bonds have been issued and only for Assessor’s Parcels of Developed Property, or Taxable Contingent Property, and only if there are no delinquent Annual Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Special Tax - Facilities Prepayment Amount calculated according to Section I.1

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

The Special Tax - Facilities partial prepayment amount must be sufficient to redeem at least a \$5,000 increment of Bonds.

The owner of any Assessor’s Parcel who desires such partial prepayment shall notify the CFD Administrator of such owner’s intent to partially prepay the Special Tax - Facilities and the percentage by which the Special Tax - Facilities shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax - Facilities for an Assessor’s Parcel within thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor’s Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the prepayment funds remitted according to Section I.1, and (ii) indicate in the records of CFD

No. 9 that there has been a partial prepayment of the Special Tax - Facilities and that a portion of the Special Tax - Facilities with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax - Facilities, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

J. TERM

The Special Tax - Facilities shall be levied commencing in Fiscal Year 2022/23 to the extent needed to satisfy the Special Tax Requirement – Facilities and shall not be levied after Fiscal Year 2065/66, however any Special Tax - Facilities that was lawfully levied for Authorized Facilities in or before Fiscal Year 2065/66 and that remains delinquent may be collected in subsequent years.

The Special Tax – Services shall be levied commencing in Fiscal Year 2022/23 to the extent necessary to satisfy the Special Tax Requirement – Services and shall be levied for as long as required to satisfy the Special Tax Requirement – Services.

The Special Tax – Environmental shall be levied commencing in Fiscal Year 2022/23 to the extent necessary to satisfy the Special Tax Requirement – Environmental and shall be levied for as long as the obligations associated with the Authorized Environmental Services are outstanding.

