

RESOLUTION NO. 2025-__

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, ACTING AS THE LEGISLATIVE BODY OF CITY OF OCEANSIDE COMMUNITY FACILITIES DISTRICT NO. 2023-1 (NORTH RIVER FARMS PUBLIC FACILITIES), DECLARING ITS INTENTION TO CONSIDER AN AMENDMENT TO THE AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX AND DECREASING THE AMOUNT OF BONDED INDEBTEDNESS

WHEREAS, on January 11, 2023, the City Council of the City of Oceanside (the “City Council”) adopted Resolution No. 23-R0019-1 stating its intention to form City of Oceanside Community Facilities District No. 2023-1 (North River Farms Public Facilities) (“Community Facilities District No. 2023-1” or the “District”) pursuant to 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 (the “Act”); and

WHEREAS, on January 11, 2023, the City Council also adopted Resolution No. 23-R0020-1 stating its intention to incur bonded indebtedness within the District in the amount not to exceed \$45,000,000 to finance the facilities and improvements identified in Resolution No. 23-R0080-1 (collectively, the “Facilities”); and the Administrative Expenses to be incurred in financing the Facilities and forming and administering the District (the “Administrative Expenses”); and

WHEREAS, a notice calling a public hearing on February 15, 2023, was published as required by law relative to the intention of the City Council to establish Community Facilities District No. 2023-1 and to incur bonded indebtedness within Community Facilities District No. 2023-1; and

WHEREAS, on February 15, 2023, the City Council conducted a noticed public hearing to determine whether it should proceed with the establishment of Community Facilities District No. 2023-1, issue bonds for the benefit of Community Facilities District No. 2023-1 to pay for the Facilities and Administrative Expenses and authorize the rate and method of apportionment of the special taxes in the form attached as Exhibit A to the Resolution of Formation (as defined below) (the “Rate and

1 Method”) to be levied within Community Facilities District No. 2023-1 for the purposes described in
2 the Resolution of Formation; and

3 **WHEREAS**, at the February 15, 2023, public hearing all persons desiring to be heard on all
4 matters pertaining to the establishment of Community Facilities District No. 2023-1, the levy of the
5 special taxes in accordance with the Rate and Method and the issuance of bonds within Community
6 Facilities District No. 2023-1 to pay for the cost of the proposed Facilities and Administrative Expenses
7 were heard and a full and fair hearing was held; and

8 **WHEREAS**, after the public hearing, on February 15, 2023, the City Council adopted
9 Resolution Nos. 23-R0080-1 (the “Resolution of Formation”) and 23-R0081-1 (the “Resolution to
10 Incur Bonded Indebtedness”) which formed the District and called a special election on February 15,
11 2023, within the District on propositions relating to the levying of the special taxes, the incurring of
12 bonded indebtedness and the establishment of an appropriations limit for the District, which were
13 approved by more than two-thirds vote by the qualified electors on February 15, 2023; and

14 **WHEREAS**, pursuant to Resolution No. 23-R0082-1, adopted on February 15, 2023, the City
15 Council, acting as the legislative body of Community Facilities District No. 2023-1, declared the
16 results of the special election and directed the recording of notices of special tax liens within
17 Community Facilities District No. 2023-1; and

18 **WHEREAS**, on February 28, 2024, the District adopted Resolution No. 24-R0027-1, stating
19 its intention to consider approving an Amended and Restated Rate and Method of Apportionment for
20 Community Facilities District No. 2023-1 (the “Amended and Restated Rate and Method”); and

21 **WHEREAS**, on April 24, 2024, the City Council conducted a noticed public hearing to
22 determine whether it should proceed with the adoption of the Amended and Restated Rate and Method;

23 **WHEREAS**, at the April 24, 2024, public hearing all persons desiring to be heard on all
24 matters pertaining to the approval of the Amended and Restated Rate and Method were heard and a
25 full and fair hearing was held; and

1 **WHEREAS**, after the public hearing, on April 24, 2024, the City Council adopted Resolution
2 No. 24-R0149-1 which approved the Amended and Restated Rate and Method and called a special
3 election on April 24, 2024, within the District on a proposition relating to the approval of the Amended
4 and Restated Rate and Method, which was approved by more than two-thirds vote by the qualified
5 electors on April 24, 2024; and

6 **WHEREAS**, pursuant to Resolution No. 24-R0150-1, adopted on April 24, 2024, the City
7 Council, acting as the legislative body of Community Facilities District No. 2023-1, declared the
8 results of the April 24, 2024 special election and directed the recording of notices of special tax liens
9 within Community Facilities District No. 2023-1; and

10 **WHEREAS**, the District has received petitions signed by each of NRF AIV LLC, a Delaware
11 limited liability company, Lennar Homes of California, LLC, a California limited liability company,
12 and Millrose Properties California, LLC, a California limited liability company, which collectively
13 own all of the land within Community Facilities District No. 2023-1, the boundaries of which are
14 described in the boundary map for the District recorded at Book No. 50 of Maps and Assessment and
15 Community Facilities at Page No. 71, as Instrument No. 2023-7000011 on January 18, 2023, in the
16 office of the County Recorder for the County of San Diego, which petition meets the requirements of
17 Section 53332 of the Act, requesting that the District initiate proceedings to (1) approve the Second
18 Amended and Restated Rate and Method of Apportionment for Community Facilities District No.
19 2023-1, attached hereto as Attachment “A” (the “Second Amended and Restated Rate and Method”)
20 and (2) reduce the maximum bonded indebtedness to be incurred by the District to \$25,000,000; and

21 **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OCEANSIDE HEREBY**
22 **FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

23 **Section 1.** Each of the above recitals is true and correct and is adopted by the legislative body
24 of the District.
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1 **Section 2.** The City Council, acting as the legislative body of the District, declares its intention
2 to conduct proceedings pursuant to the Act to (1) consider amending and restating the Amended and
3 Restated Rate and Method with the Second Amended and Restated Rate and Method and (2) reduce
4 the maximum amount of bonded indebtedness authorized to be incurred by the District to \$25,000,000.

5 **Section 3.** The Facilities proposed to be provided within the District are public facilities
6 as defined in the Act. The Facilities and Administrative Expenses authorized to be financed by the
7 District are described in the Resolution of Formation. The City is authorized by law to construct,
8 acquire, own and operate the Facilities for the benefit of the District.
9

10 **Section 4.** A public hearing (the "Hearing") on the levy of special taxes in the District in
11 accordance with the Second Amended and Restated Rate and Method and decreasing the maximum
12 amount of bonded indebtedness permitted to be incurred by the District to \$25,000,000, shall be held
13 at 6:00 p.m., or as soon thereafter as practicable, on April 23, 2025, in the City Council Chambers
14 located at 300 N. Coast Highway, Oceanside, California. Should the City Council determine to submit
15 the questions of approving (1) Second Amended and Restated Rate and Method to the qualified electors
16 of the District and (2) the decrease of the maximum amount of bonded indebtedness permitted to be
17 incurred by the District to \$25,000,000, a special election will be held to authorize the Second
18 Amended and Restated Rate and Method and decreasing the maximum amount of bonded indebtedness
19 permitted to be incurred by the District to \$25,000,000 in accordance with the procedures contained in
20 Government Code Section 53326. If such election is held, the proposed voting procedure at the
21 election will be a landowner vote with each landowner who is the owner of record of land within the
22 District at the close of the Hearing, or the authorized representative thereof, having one vote for each
23 acre or portion thereof owned within the District. Ballots for the special election may be distributed
24 by mail or by personal service.
25

26 **Section 5.** At the time and place set forth above for the Hearing, any interested person,
27 including all persons owning lands or registered to vote within the District, may appear and be heard.
28

1 ATTACHMENT "A"

2 PROPOSED SECOND AMENDED AND RESTATED
3 RATE AND METHOD OF APPORTIONMENT FOR
4 CITY OF OCEANSIDE
5 COMMUNITY FACILITIES DISTRICT NO. 2023-1
6 (NORTH RIVER FARMS PUBLIC FACILITIES)

7 A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in City of Oceanside
8 Community Facilities District No. 2023-1 ("CFD No. 2023-1") and collected each Fiscal Year
9 commencing in Fiscal Year 2024-2025, in an amount determined by the City Council of the City of
10 Oceanside through the application of the Amended and Restated Rate and Method of Apportionment
11 as described below. All of the real property in CFD No. 2023-1, unless exempted by law or by the
12 provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

13 A. DEFINITIONS

14 The terms hereinafter set forth have the following meanings:

15 "Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel
16 Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the
17 applicable Final Map, parcel map, condominium plan, or other recorded County parcel map. An Acre
18 equals 43,560 square feet of land area.

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

21 "Administrative Expenses" means the following actual or reasonably estimated costs directly related
22 to the administration of CFD No. 2023-1: the costs of computing the Special Taxes and preparing the
23 annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of
24 collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special
25 Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties
26 required of it under the Indenture; the costs to the City, CFD No. 2023-1 or any designee thereof of
27 complying with arbitrage rebate requirements; the costs to the City, CFD No. 2023-1 or any designee
28 thereof of complying with City, CFD No. 2023-1 or obligated persons disclosure requirements
associated with applicable federal and state securities laws and of the Act; the costs associated with
preparing Special Tax disclosure statements and responding to public inquiries regarding the Special
Taxes; the costs of the City, CFD No. 2023-1 or any designee thereof related to an appeal of the Special
Tax; the costs associated with the release of funds from any escrow account; and the City's annual
administration fees, and third party expenses. Administrative Expenses shall also include amounts
estimated or advanced by the City or CFD No. 2023-1 for any other administrative purposes of CFD
No. 2023-1, including attorney's fees and other costs related to commencing and pursuing any
foreclosure, or other resolution of delinquent Special Taxes.

"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 Assessor of the County designating parcels by
Assessor's parcel number.

1 “**Assigned Special Tax**” means the Special Tax for each Land Use Class of Developed Property, as
2 determined in accordance with Section C below.

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

5 “**Bonds**” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or
6 more series, issued by CFD No. 2023-1 under the Act for the financing of authorized public facilities.

7 “**CFD No. 2023-1**” means the City of Oceanside Community Facilities District No. 2023-1 (North
8 River Farms Public Facilities).

9 “**City**” means the City of Oceanside.

10 “**Council**” means the City Council of the City.

11 “**County**” means the County of San Diego, California.

12 “**Developed Property**” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable
13 Property Owner Association Property and Taxable Public Property, for which a building permit for
14 new construction was issued prior to March 1 of the previous Fiscal Year.

15 “**Final Map**” means (i) a final map, or portion thereof, approved by the City pursuant to the
16 Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots
17 or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved
18 by the City and a condominium plan recorded pursuant to California Civil Code Section 1352 creating
19 such individual lots or parcels. The term “Final Map” shall not include any Assessor’s Parcel Map or
20 subdivision map or portion thereof, that does not create individual lots for which a building permit may
21 be issued, including Assessor’s Parcels that are designated as remainder parcels.

22 “**Finance Director**” means the Financial Services Director of the City or his or her designee.

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

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

26 “**Land Use Class**” means any of the classes listed in Table 1, Table 2, Table 3, or Table 4 below.

27 “**Maximum Special Tax**” means the Maximum Special Tax, determined in accordance with Section C
28 below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD
No. 2023-1.

“**Non-Residential Property**” means, for each Fiscal Year, 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.

1 **“Property Owner Association Property”** means, for each Fiscal Year, any Assessor’s Parcel within
2 the boundaries of CFD No. 2023-1 that was owned by a property owner association, including any
3 master or sub-association, as of March 1 of the prior Fiscal Year.

4 **“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the
5 Assigned Special Tax is equal for all Developed Property. For Undeveloped Property,
6 **“Proportionately”** means that the ratio of the actual Special Tax levy per Acre to the Maximum Special
7 Tax per Acre is equal for all Undeveloped Property. For Taxable Public Property and Taxable Property
8 Owner Association Property, **“Proportionately”** means that the ratio of the actual Special Tax levy per
9 Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public
10 Property or Taxable Property Owner Association Property, as applicable.

11 **“Public Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2023-
12 1 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for
13 dedication to the federal government, the State of California, the County, the City or any other public
14 agency as of March 1 of the prior Fiscal Year or (ii) encumbered by an unmanned utility easement
15 making impractical its utilization for other than the purpose set forth in the easement as of March 1 of
16 the prior Fiscal Year, provided however that any property leased by a public agency to a private entity
17 and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance
18 with its use.

19 **“Residential Floor Area”** means all of the square footage of living area within the perimeter of a
20 residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or
21 similar area. The determination of Residential Floor Area shall be made by reference to the building
22 permit(s) issued for such residential dwelling unit.

23 **“Residential Property”** means all Developed Property for which a building permit has been issued
24 for purposes of constructing one or more residential dwelling units.

25 **“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of
26 Taxable Property to fund the Special Tax Requirement.

27 **“Special Tax Requirement”** means that amount required in any Fiscal Year for CFD No. 2023-1 to:
28 (i) pay debt service on all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year;
29 (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate
30 payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish
31 or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or
32 construction of facilities eligible to be financed by CFD No. 2023-1; (vi) pay for reasonably anticipated
33 delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal
34 Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the
35 Finance Director pursuant to the Indenture.

36 **“State”** means the State of California.

37 **“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of Zones 1 through 4
38 of CFD No. 2023-1 for which the Special Tax has not been prepaid in full pursuant to Section H and
39 which are not exempt from the Special Tax pursuant to law or Section E below.

1 **“Taxable Property Owner Association Property”** means all Assessor’s Parcels of Property Owner
2 Association Property that are not exempt pursuant to Section E below.

3 **“Taxable Public Property”** means all Assessor’s Parcels of Public Property that are not exempt
4 pursuant to Section E below.

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

6 **“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as
7 Developed Property, Taxable Property Owner Association Property or Taxable Public Property.

8 **“Welfare Exemption”** means, for each Fiscal Year, any Assessor’s Parcel that is used exclusively for
9 charitable, hospital, or religious purposes and that has a property tax welfare exemption as indicated
10 in the County’s assessor’s roll finalized as of the last preceding January 1.

11 **“Zone”** means any one of the separate geographic areas within CFD No. 2023-1 designated on
12 Exhibit A herein as Zone 1, Zone 2, Zone 3, Zone 4, or Zone 5, as modified, amended and/or
13 supplemented from time to time.

14 **“Zone 1”** means all property located within the area identified as Zone 1 on the map included herein
15 as Exhibit A, as modified, amended and/or supplemented from time to time.

16 **“Zone 2”** means all property located within the area identified as Zone 2 on the map included herein
17 as Exhibit A, as modified, amended and/or supplemented from time to time.

18 **“Zone 3”** means all property located within the area identified as Zone 3 on the map included herein
19 as Exhibit A, as modified, amended and/or supplemented from time to time.

20 **“Zone 4”** means all property located within the area identified as Zone 4 on the map included herein
21 as Exhibit A, as modified, amended and/or supplemented from time to time.

22 **“Zone 5”** means all property located within the area identified as Zone 5 on the map included herein
23 as Exhibit A, as modified, amended and/or supplemented from time to time.

24 **B. ASSIGNMENT TO LAND USE CATEGORIES**

25 Each Fiscal Year, all Taxable Property within CFD No. 2023-1 shall be assigned to a Zone and
26 classified as Developed Property, Taxable Property Owner Association Property, Taxable
27 Public Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance
28 with the rate and method of apportionment determined pursuant to Sections C and D below.

The Assigned Special Tax for Residential Property shall be based on the Zone in which the
Assessor’s Parcel is located, the number of dwelling units on such Assessor’s Parcel, and the
Residential Floor Area of the dwelling units located on such Assessor’s Parcel. The Assigned
Special Tax for Non-Residential Property shall be based on the Acreage of the Assessor’s
Parcel.

1 **C. MAXIMUM SPECIAL TAX**

2 **1. Developed Property**

3 a. Maximum Special Tax

4 The Fiscal Year 2024-2025 Maximum Special Tax for each Assessor's Parcel
 5 classified as Developed Property within a particular Zone shall be the greater
 6 of (i) the amount derived by application of the Assigned Special Tax or (ii) the
 7 amount derived by application of the Backup Special Tax.

8 b. Assigned Special Tax

9 The Assigned Special Tax for each Land Use Class within each Zone is shown
 10 below in Tables 1 through 4.

11 **TABLE 1**
Fiscal Year 2024-2025
Assigned Special Tax Rates for Developed Property
Zone 1

Land Use Category	Description	Residential Floor Area	FY 2024-2025 Assigned Special Tax Rate
1-1	Residential Property	> 3,000 sq. ft.	\$2,294 per Dwelling Unit
1-2	Residential Property	2,801 to 3,000 sq. ft.	\$2,259 per Dwelling Unit
1-3	Residential Property	2,601 to 2,800 sq. ft.	\$2,223 per Dwelling Unit
1-4	Residential Property	2,451 to 2,600 sq. ft.	\$2,073 per Dwelling Unit
1-5	Residential Property	2,251 to 2,450 sq. ft.	\$1,997 per Dwelling Unit
1-6	Residential Property	< 2,251 sq. ft.	\$1,897 per Dwelling Unit
1-7	Non-Residential Property	N/A	\$17,696 per Acre

18 **TABLE 2**
Fiscal Year 2024-2025

**Assigned Special Tax Rates for Developed Property
Zone 2**

Land Use Category	Description	Residential Floor Area	FY 2024-2025 Assigned Special Tax Rate
2-1	Residential Property	> 3,400 sq. ft.	\$2,607 per Dwelling Unit
2-2	Residential Property	3,301 to 3,400 sq. ft.	\$2,588 per Dwelling Unit
2-3	Residential Property	3,201 to 3,300 sq. ft.	\$2,569 per Dwelling Unit
2-4	Residential Property	3,101 to 3,200 sq. ft.	\$2,534 per Dwelling Unit
2-5	Residential Property	3,001 to 3,100 sq. ft.	\$2,498 per Dwelling Unit
2-6	Residential Property	2,901 to 3,000 sq. ft.	\$2,480 per Dwelling Unit
2-7	Residential Property	< 2,901 sq. ft.	\$2,406 per Dwelling Unit
2-8	Non-Residential Property	N/A	\$16,392 per Acre

**TABLE 3
Fiscal Year 2024-2025
Assigned Special Tax Rates for Developed Property
Zone 3**

Land Use Category	Description	Residential Floor Area	FY 2024-2025 Assigned Special Tax Rate
3-1	Residential Property	> 3,700 sq. ft.	\$2,813 per Dwelling Unit
3-2	Residential Property	3,501 to 3,700 sq. ft.	\$2,791 per Dwelling Unit
3-3	Residential Property	3,301 to 3,500 sq. ft.	\$2,772 per Dwelling Unit
3-4	Residential Property	< 3,301 sq. ft.	\$2,752 per Dwelling Unit
3-5	Non-Residential Property	N/A	\$16,424 per Acre

**TABLE 4
Fiscal Year 2024-2025**

**Assigned Special Tax Rates for Developed Property
Zone 4**

Land Use Category	Description	Residential Floor Area	FY 2024-2025 Assigned Special Tax Rate
4-1	Residential Property	> 4,500 sq. ft.	\$3,169 per Dwelling Unit
4-2	Residential Property	4,201 to 4,500 sq. ft.	\$3,082 per Dwelling Unit
4-3	Residential Property	4,001 to 4,200 sq. ft.	\$2,994 per Dwelling Unit
4-4	Residential Property	3,801 to 4,000 sq. ft.	\$2,964 per Dwelling Unit
4-5	Residential Property	3,401 to 3,800 sq. ft.	\$2,934 per Dwelling Unit
4-6	Residential Property	< 3,401 sq. ft.	\$2,916 per Dwelling Unit
4-7	Non-Residential Property	N/A	\$11,380 per Acre

c. Backup Special Tax

The Backup Special Tax shall be calculated independently for each Zone. The aggregate Backup Special Tax attributable to property within a Final Map within a Zone shall be determined by multiplying the Acreage of all Taxable Property located within such Zone, excluding current or expected Non-Residential Property, Taxable Public Property and Taxable Property Owner Association Property, if any, in such Final Map, by the amount shown in Table 5 below for such Zone and dividing the product by the total number of dwelling units expected to be constructed within such Zone.

**TABLE 5
Fiscal Year 2024-2025
Backup Special Tax
Zones 1 Through 4**

Zone	FY 2024-2025 Backup Special Tax
1	\$17,696 per Acre
2	\$16,392 per Acre
3	\$16,424 per Acre
4	\$11,380 per Acre

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in

1 such Final Map, or the portion thereof that is changed or modified, shall be a
2 rate per Acre calculated as follows:

- 3 1. Determine the total Backup Special Taxes anticipated to apply to the
4 changed or modified portion of the Final Map prior to the change or
5 modification.
- 6 2. Divide the amount determined pursuant to paragraph 1 above by the
7 total Acreage of Residential Property excluding Taxable Public
8 Property and Taxable Property Owner Association Property which is
9 ultimately expected to exist in such changed or modified Final Map
10 area, as reasonably determined by the Finance Director.
- 11 3. The result is the Backup Special Tax per Acre which shall be applicable
12 to all Assessor's Parcels of Residential Property in such changed or
13 modified Final Map.

14 d. Increase in the Assigned Special Tax and Backup Special Tax

15 On each July 1, commencing on July 1, 2025, the Assigned Special Tax and
16 the Backup Special Tax shall be increased by an amount equal to two percent
17 (2%) of the amount in effect for the previous Fiscal Year.

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

20 a. Maximum Special Tax

21 The Maximum Special Tax for each Assessor's Parcel of Undeveloped
22 Property, Taxable Property Owner Association Property, and Taxable Public
23 Property in a particular Zone shall be equal to the amount shown in Table 6
24 below.

25 **TABLE 6**
26 **Maximum Special Taxes for Undeveloped Property, Taxable Property Owner Association**
27 **Property, or Taxable Public Property**
28 **Fiscal Year 2024-2025**
Zones 1 Through 4

Zone	FY 2024-2025 Maximum Special Tax
1	\$17,696 per Acre
2	\$16,392 per Acre
3	\$16,424 per Acre
4	\$11,380 per Acre

1 b. Increase in the Maximum Special Tax

2 On each July 1, commencing on July 1, 2025, the Maximum Special Tax for
3 Undeveloped Property, Taxable Property Owner Association Property, and
4 Taxable Public Property shall be increased by an amount equal to two percent
 (2%) of the amount in effect for the previous Fiscal Year.

5 **3. Multiple Land Uses**

6 In some instances an Assessor's Parcel may contain both Undeveloped Property and
7 Developed Property. Furthermore, Developed Property may contain more than one
 Land Use Class.

8 In such cases, the Acreage of the Assessor's Parcel shall be allocated between
9 Developed Property and Undeveloped Property based the portion of the Assessor's
10 Parcel for which building permits had been issued prior to March 1 of the prior Fiscal
11 Year and portion of the Assessor's Parcel for which building permits had not been
12 issued prior to March 1 of the prior Fiscal Year. The Acreage that is considered
13 Developed Property shall be allocated between Residential Property and Non-
14 Residential Property based on the site plan. The Maximum Special Tax that can be
15 levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that
16 can be levied on each type of property located on that Assessor's Parcel.

17 The Finance Director's allocation to each type of property shall be final.

18 **D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

19 Commencing Fiscal Year 2024-2025 and for each following Fiscal Year, the Council shall
20 determine the Special Tax Requirement and shall levy the Special Tax as follows:

21 First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed
22 Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special
23 Tax Requirement;

24 Second: If additional monies are needed to satisfy the Special Tax Requirement after the first
25 step has been completed, the Special Tax shall be levied Proportionately on each Assessor's
26 Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped
27 Property;

28 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
 Developed Property whose Maximum Special Tax is determined through the application of the
 Backup Special Tax shall be increased in equal percentages from the applicable 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 the Maximum Special Tax for Taxable Property Owner Association Property or
 Taxable Public Property.

1 Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government
2 Code, under no circumstances will the Special Tax levied in any Fiscal Year against any
3 Assessor's Parcel for which an occupancy permit for private residential use has been issued be
4 increased as a consequence of delinquency or default by the owner or owners of any other
5 Assessor's Parcel(s) within CFD No. 2023-1 by more than 10% above the amount that would
6 have been levied in that Fiscal Year had there never been any such delinquencies or defaults.
7 To the extent that the levy of the Special Tax on certain Assessor's Parcels is limited by the
8 provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of all
9 other property shall continue in equal percentages at up to 100% of the Assigned Special Tax.

10 **E. EXEMPTIONS**

11 No Special Tax shall be levied on (i) any property in Zone 5, (ii) Property Owner Association
12 Property or Public Property in Zones 1 through 4 provided that an Assessor's Parcel shall not
13 be exempt and shall be classified as Taxable Property Owner Association Property and Taxable
14 Public Property if exempting such property would reduce the sum of all Taxable Property to
15 less than the minimum taxable Acreage amounts shown in Table 7 below, (iii) any Assessor's
16 Parcel that has a Welfare Exemption, and (iv) any Assessor's Parcels for which the obligation
17 to pay the Special Tax has been prepaid in full pursuant to Section G.

18 **TABLE 7**

Zone	Minimum Taxable Acreage
1	14.36 Acres
2	18.47 Acres
3	11.02 Acres
4	24.07 Acres

19 Tax-exempt status for the Acreage of Assessor's Parcels or portions of Assessor's Parcels of
20 Public Property and Property Owner Association Property will be assigned by the Finance
21 Director in the chronological order in which such Assessor's Parcels or portions of Parcels
22 within each Zone become Public Property and Property Owner Association Property.

23 Property Owner Association Property and Public Property that is not exempt from Special
24 Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed
25 Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable
26 Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public
27 Property.

28 In addition, should a residential dwelling unit no longer have a Welfare Exemption, then its
tax-exempt status will, without the necessity of any action by the Council, terminate.

F. APPEALS/INTERPRETATION

Any landowner or resident may file a written appeal of the Special Tax levied on his/her
property with the Finance Director, provided that the appellant is current in his/her payments
of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must

1 be paid on or before the payment date established when the levy was made. The appeal must
2 specify the reasons why the appellant claims the Special Tax is in error. The Finance Director
3 shall review the appeal, meet with the appellant if the Finance Director deems necessary, and
4 advise the appellant of its determination. If the Finance Director agrees with the appellant, the
5 Finance Director shall eliminate or reduce the Special Tax on the appellant's property and/or
6 provide a refund to the appellant. If the Finance Director disagrees with the appellant and the
7 appellant is dissatisfied with the determination, the appellant then has 30 days in which to
8 appeal to the Council by filing a written notice of appeal with the Council, provided that the
9 appellant is current in his/her payments of Special Taxes. The second appeal must specify the
10 reasons for the appellant's disagreement with the Finance Director's determination. The
11 Finance Director may charge the appellant a reasonable fee for processing the appeal.

12 Interpretations may be made by the Council by ordinance or resolution for purposes of
13 clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

14 **G. MANNER OF COLLECTION**

15 The Special Tax will be collected in the same manner and at the same time as ordinary *ad*
16 *valorem* property taxes; provided, however, that CFD No. 2023-1 may directly bill the Special
17 Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet
18 its financial obligations, and may covenant to foreclose and may actually foreclose on
19 delinquent Assessor's Parcels as permitted by the Act.

20 **H. PREPAYMENT OF SPECIAL TAX**

21 The following definition applies to this Section H:

22 "CFD Public Facilities" means either \$14.4 million in 2024 dollars, which shall increase by
23 the Construction Inflation Index on July 1, 2025, and on each July 1 thereafter, or such lower
24 number as (i) shall be determined by the Finance Director as sufficient to provide the public
25 facilities to be provided by CFD No. 2023-1 under the authorized bonding program for CFD
26 No. 2023-1, or (ii) shall be determined by the Council concurrently with a covenant that it will
27 not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method
28 of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds
which are currently available for expenditure to acquire or construct public facilities eligible
under the Act.

"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 Finance Director 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 minus (i) public facility costs
previously paid from the Construction Fund, (ii) moneys currently on deposit in the

1 Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected
2 to be available to finance facilities costs.

3 “**Outstanding Bonds**” means all Bonds which are deemed to be outstanding under the
4 Indenture after the first interest and/or principal payment date following the current Fiscal
5 Year.

6 **1. Prepayment in Full**

7 The obligation of an Assessor’s Parcel to pay the Special Tax may be prepaid and
8 permanently satisfied as described herein; provided that a prepayment may be made
9 only for Assessor’s Parcels of Developed Property or Undeveloped Property for which
10 a building permit has been issued, and only if there are no delinquent Special Taxes
11 with respect to such Assessor’s Parcel at the time of prepayment. An owner of an
12 Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the
13 Finance Director with written notice of intent to prepay. Within 30 days of receipt of
14 such written notice, the Finance Director shall notify such owner of the prepayment
15 amount of such Assessor’s Parcel. The Finance Director may charge a reasonable fee
16 for providing this service. Prepayment must be made not less than 45 days prior to the
17 next occurring date that notice of redemption of Bonds from the proceeds of such
18 prepayment may be given to the Trustee pursuant to the Indenture.

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

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

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

23 **Paragraph No.:**

- 24 1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
- 25 2. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and
26 Backup Special Tax applicable for the Assessor’s Parcel to be prepaid. For Assessor’s
27 Parcels of Undeveloped Property (for which a building permit has been issued) to be
28 prepaid, 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.

- 1 3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total
2 estimated Assigned Special Taxes for the entire CFD No. 2023-1 based on the
3 Developed Property Special Taxes which could be charged in the current Fiscal Year
4 on all expected development through buildout of CFD No. 2023-1, excluding any
5 Assessor's Parcels which have been prepaid, and
6
7 (b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated
8 Backup Special Taxes at buildout of CFD No. 2023-1 using the Backup Special Tax
9 amount for the current Fiscal Year, excluding any Assessor's Parcels which have been
10 prepaid.
- 11 4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the
12 Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and
13 prepaid (the "Bond Redemption Amount").
- 14 5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the
15 applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the
16 "Redemption Premium").
- 17 6. Compute the current Future Facilities Costs.
- 18 7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount
19 determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs
20 to be prepaid (the "Future Facilities Amount").
- 21 8. Compute the amount needed to pay interest on the Bond Redemption Amount from the
22 first bond interest and/or principal payment date following the current Fiscal Year until
23 the earliest redemption date for the Outstanding Bonds.
- 24 9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year
25 which have not yet been paid.
- 26 10. Compute the amount the Finance Director reasonably expects to derive from the
27 reinvestment of the Prepayment Amount (as defined below) less the Future Facilities
28 Amount and the Administrative Fees and Expenses (as defined below) from the date
 of prepayment until the redemption date for the Outstanding Bonds to be redeemed
 with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount
 computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2023-1, including the costs of
 computation of the prepayment, the costs to invest the prepayment proceeds, the costs
 of redeeming Bonds, and the costs of recording any notices to evidence the prepayment
 and the redemption (the "Administrative Fees and Expenses").
13. 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 requirement 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.

14. 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”).
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Prepayment Amount”).
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 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 12 shall be retained by CFD No. 2023-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of 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 be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined under paragraph 9 (above), the Finance Director shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid, 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 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 amount of Assigned Special Taxes that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within CFD No. 2023-1 both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the applicable 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 H.1; except that a partial prepayment shall be calculated according to the following formula:

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

1 These terms have the following meaning:

2 PP = the partial prepayment

3 P_E = the Prepayment Amount calculated according to Section H.1

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

5 A = the Administration Fees and Expenses from Section H.1

6 The owner of any Assessor's Parcel who desires such partial prepayment shall notify
7 the Finance Director of such owner's intent to partially prepay the Special Tax and the
8 percentage by which the Special Tax shall be prepaid. The Finance Director shall
9 provide the owner with a statement of the amount required for the partial prepayment
10 of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and
11 may charge a reasonable fee for providing this service. With respect to any Assessor's
12 Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it
13 according to Section H.1, and (ii) indicate in the records of CFD No. 2023-1 that there
14 has been a partial prepayment of the Special Tax and that a portion of the Special Tax
15 with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F)
16 of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel
17 pursuant to Section D.

18 Notwithstanding the foregoing, no Special Tax partial prepayment shall be allowed
19 unless the amount of Assigned Special Taxes that may be levied on Taxable Property
20 (excluding Taxable Property Owner Association Property and Taxable Public
21 Property) within CFD No. 2023-1 both prior to and after the proposed partial
22 prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum
23 annual debt service on all Outstanding Bonds.

24 **I. TERM OF SPECIAL TAX**

25 The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax
26 Requirement, but in no event shall it be levied after Fiscal Year 2063-2064.
27
28

EXHIBIT A
ZONE MAP

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