




# Revision to ASR and/or Attachments

**Date:** December 2, 2021  
**To:** Clerk of the Board of Supervisors  
**CC:** County Executive Office  
**From:** Frank Kim, County Executive Officer   
**Re:** ASR Control #: 21-001013, Meeting Date 12/7/21, Item No. # 33  
**Subject:** Community Facilities District 2021-1 Intention to Annex Territory

Digitally signed by Frank Kim  
DN: cn=Frank Kim, o=County of  
Orange, ou=CEO,  
email=frank.kim@ocgov.com,  
c=US  
Date: 2021.12.02 15:31:19 -08'00'

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## Explanation:

Revised the Resolution (Attachment A) to include the Resolution numbers of Resolutions adopted at the November 23, 2021 meeting.

☐ Revised Recommended Action(s)

☐ Make modifications to the:

☐ Subject ☐ Background Information ☐ Summary ☐ Financial Impact

☒ Revised Attachments (attach revised attachment(s) and redlined copy(s))

Attachment A – Resolution

Attachment A – Resolution (Redline)

CLERK OF THE BOARD  
ORANGE COUNTY  
BOARD OF SUPERVISORS

2021 DEC -2 PM 3:33

RECEIVED

RESOLUTION OF INTENTION OF THE BOARD OF  
SUPERVISORS OF THE COUNTY OF ORANGE, ACTING AS  
THE LEGISLATIVE BODY OF COMMUNITY FACILITIES  
DISTRICT NO. 2021-1 OF THE COUNTY OF ORANGE  
(RIENDA), TO PROVIDE FOR FUTURE ANNEXATION OF  
TERRITORY TO COMMUNITY FACILITIES DISTRICT NO.  
2021-1 OF THE COUNTY OF ORANGE (RIENDA)

December 7, 2021

WHEREAS, the County of Orange (the “County”) has established “Community Facilities District No. 2021-1 of the County of Orange (Rienda)” (“Community Facilities District No. 2021-1” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”); and

WHEREAS, Community Facilities District No. 2021-1 has been established through the adoption by the Board of Supervisors of the County of Orange (the “Board of Supervisors”) of Resolution No. 21-135 (the “Resolution of Formation”) on November 23, 2021 for the purpose of financing the facilities (the “Facilities”) and the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”), including the repayment of bonds issued to finance such Facilities and Incidental Expenses, as described in the Resolution of Formation; and

WHEREAS, pursuant to Section 53339.2 of the Act, owners of land may request the Board of Supervisors, acting as the legislative body of the District, to identify such land as territory to be annexed to the District in the future; and

WHEREAS, the County received a petition signed by the landowner of the territory described in Attachment “A” hereto (the “Annexation Area”) requesting that the Board of Supervisors, acting as the legislative body of the District, provide for future annexation of the Annexation Area, or any portion thereof, to the District upon the unanimous consent and approval of the owner or owners of each parcel or parcels at the time such parcel or parcels are annexed, which petition meets the requirements of Section 53339.2 of the Government Code of the State of California; and

WHEREAS, the Board of Supervisors, acting as the legislative body of the District, desires to adopt this resolution of intention as provided in Section 53339.3 of the Government Code of the State of California, to identify the Annexation Area described in Attachment “A” hereto as territory which may be annexed to the District, in whole or in part, in the future; and

WHEREAS, a parcel or parcels within the Annexation Area may be annexed to the District and be subjected to the levy of the special tax of the District upon approval by the Board of Supervisors, acting as legislative body of the District, following submittal of a unanimous consent and approval of the owner or owners of the parcel or parcels to be annexed in substantially the form attached as Attachment “B” hereto (the “Unanimous Consent and Approval”), or in compliance with other procedures established by the Act; and

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The name of the District is “Community Facilities District No. 2021-1 of the County of Orange (Rienda).”

SECTION 3. The boundaries of Community Facilities District No. 2021-1 are as shown on the map designated “Proposed Boundaries of Community Facilities District No. 2021-1 of the County of Orange (Rienda), County of Orange, State of California”, which map is on file in the office of the Clerk of the Board of Supervisors and was recorded pursuant to Sections 3111 and 3112 of the Streets and Highways Code in the County of Orange Book of Maps of Assessment and Community Facilities Districts in the County Recorder’s Office in Book No. 108 Page Nos. 36-37, on October 25, 2021 as Instrument No. 2021000648229.

It is proposed that the boundaries of the Annexation Area shall be the legal boundaries as described in Attachment “A” hereto and as depicted on the map of the proposed Annexation Area which is on file with the Clerk of the Board. Pursuant to Section 3110.5 of the Streets and Highways Code of the State of California, the Board of Supervisors, acting as the legislative body of the District, hereby adopts such map as the boundary map of the Annexation Area. The Clerk of the Board is hereby directed to sign the original map of the Annexation Area and record it with all proper endorsements thereon with the County Recorder of the County of Orange within 15 days after the adoption of this resolution, all as required by Sections 3110.5 and 3111 of the Streets and Highways Code of the State of California.

SECTION 4. The Board of Supervisors, acting as the legislative body of the District, hereby determines that public convenience and necessity require that the Annexation Area be identified as territory which may be annexed to the District in the future. The Board of Supervisors, acting as the legislative body of the District, hereby designates the Annexation Area shown in Attachment “A” hereto as property proposed for annexation into the District in the future, with annexation of all or a portion of the Annexation Area to occur either upon approval by the legislative body of the District following submittal of a Unanimous Consent and Approval, substantially in the form attached hereto as Attachment “B,” of the owner or owners of the parcel or parcels to be annexed, or in compliance with other procedures established by the Act.

SECTION 5. The facilities authorized to be provided in the existing District are the Facilities set forth in the Resolution of Formation and in Attachment “C” hereto. In accordance with Section 53339.3(c) of the Act, the facilities to be provided for any parcel or parcels within the Annexation Area annexed to the District shall be the same Facilities provided for the existing property within the District.

The Facilities shall be provided, as needed, for the benefit of all owners of property and residents of the District and within the Annexation Area so annexed. All owners of taxable parcels of property within the District and the parcel or parcels within the Annexation Area annexed to the District shall pay special taxes to finance the annual cost of providing such Facilities and Incidental Expenses in accordance with the rate and method of apportionment of special taxes (the “Rate and Method”) attached hereto as Attachment “D.” The “Zone” (as defined in the Rate and Method) or Zones in which any property within the Annexation Area that is annexed to the District is to be

located shall be set forth in the Unanimous Consent and Approval at the time such parcel or parcels are annexed.

SECTION 6. A public hearing (the “Hearing”) on the proposed designation of the Annexation Area and the levy of the special tax on any parcel or parcels within the Annexation Area upon the annexation thereof to the District in accordance with the Rate and Method shall be held at 9:30 a.m., or as soon thereafter as practicable, on January 11, 2022, at the Board of Supervisors Chambers, 333 W. Santa Ana Boulevard, Santa Ana, California 92701.

SECTION 7. At the time and place set forth above for the Hearing, the Board of Supervisors will receive testimony as to whether the Annexation Area shall be designated as territory proposed to be annexed to the District in the future and the levy of the special tax on any parcel or parcels within the Annexation Area upon the annexation thereof to the District.

SECTION 8. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the current boundaries of the District and the Annexation Area, may appear and be heard.

SECTION 9. The Clerk of the Board is hereby directed to publish a notice (the “Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the District and the Annexation Area. The Clerk of the Board is further directed to mail a copy of the Notice to each of the landowners within the boundaries of the District and the Annexation Area at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the District and the Annexation Area. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 10. This Resolution shall be effective upon its adoption.

**ATTACHMENT A  
LEGAL DESCRIPTION OF ANNEXATION AREA**

County of Orange Assessor's Parcel Numbers:

125-165-13  
125-165-37  
125-165-38  
125-165-41  
125-165-70  
125-165-71  
125-165-72  
125-165-73

**ATTACHMENT B**  
**FORM OF UNANIMOUS CONSENT AND APPROVAL**

Community Facilities District No. 2021-1  
of the County of Orange (Rienda)

The County of Orange (the “County”) has formed Community Facilities District No. 2021-1 of the County of Orange (Rienda) (“Community Facilities District No. 2021-1” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”).

The undersigned property owner (the “Owner”) hereby states and certifies as follows:

1. This Unanimous Consent and Approval is submitted by the Owner who is the record owner of fee title to the real property as described in Exhibit “A” hereto (the “Property”). The Owner has provided the District sufficient and current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Unanimous Consent and Approval.

2. There are no registered voters residing within the Property and have been none during the 90-day period preceding [Date of Board Meeting Approving Annexation].

3. This Unanimous Consent and Approval constitutes the unanimous approval of the Owner of the following within the meaning of Sections 53329.6 and 53339 et seq. of the Act for purposes of:

(a) Annexation. The annexation of the Property to the District.

(b) Special Tax. The levy of special taxes (the “Special Tax”) on the Property to finance the Facilities and Incidental Expenses described in Attachment “B” to Resolution No. \_\_\_\_\_ adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on November 23, 2021 (the “Resolution of Formation”), including the repayment of bonds issued to finance such Facilities and Incidental Expenses, in accordance with the rate and method of apportionment of special tax for the District (the “Rate and Method”) attached as Attachment “A” to the Resolution of Formation and as Exhibit “B” to this Unanimous Consent and Approval.

Pursuant to Section 53329.6 of the Act, this Unanimous Consent and Approval constitutes the vote of the qualified elector in favor of the matters addressed in this Section 3 for purposes of the California Constitution, including, but not limited to Articles XIII A and XIII C.

4. The Owner hereby acknowledges that no further hearings are required with respect to the approval of the matters set forth in Section 3 above.

5. The Owner hereby designates the Property to be within the following Zone(s) (as defined in the Rate and Method) of the District:

**Tract No./Assessor Parcel Number(s)****Zone Designation**

6. The Owner understands and hereby unanimously approves that the Special Tax is authorized to be levied on the Property annexed to the District, and the lien of the Special Tax is a continuing lien which shall secure each annual levy of the Special Tax and which shall continue in force and effect until the Special Tax obligation is canceled in accordance with law or until the Special Tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code of the State of California.

7. Having been fully advised with respect to the unanimous approval process set forth herein, the Owner waives compliance with any and all provisions of the Elections Code and Government Code, with any time limits or other procedural requirements, including without limitation, the preparation of an impartial analysis, arguments or rebuttals concerning elections as provided for by Elections Code Sections 9160 to 9167, inclusive, and 9190 and preparation of a tax rate statement as provided in Section 9401 of the Elections Code and any further notices of such approvals as may be required pursuant to the Elections Code or the Government Code.

The undersigned hereby represents that compliance with any additional procedural requirements, including the receipt of any arguments for or against such approval and impartial analyses and the time limitations which may apply in connection with scheduling, mailing and publishing notices, are unnecessary in light of the fact that the undersigned has received sufficient information regarding the imposition of the Special Tax to allow it to properly complete this Unanimous Consent and Approval. The Owner further waives its right to make any protest or complaint or undertake any legal action challenging the validity of this Unanimous Consent and Approval and any proceedings taken in connection therewith or the levy of the Special Tax in accordance with the Rate and Method to finance the costs of the Facilities and Incidental Expenses, including the repayment of bonds issued to finance such Facilities and Incidental Expenses, for the benefit of the Property.

8. The Owner hereby authorizes the District to execute and record in the office of the Recorder of the County of Orange, a notice of special tax lien on the Property in accordance with Section 3117.5 of the Streets & Highways Code of the State of California, which shall give notice that a lien to secure payment of the Special Tax is imposed by the District.

9. This Unanimous Consent and Approval shall be effective upon its execution and delivery and acceptance by the Board of Supervisors, acting as the legislative body of the District.

The foregoing Unanimous Consent and Approval is hereby executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_.

[NAME OF ENTITY]

By: \_\_\_\_\_

[NAME]

[TITLE]

[THIS UNANIMOUS APPROVAL SHALL BE NOTARIZED]

**EXHIBIT A TO UNANIMOUS CONSENT AND APPROVAL  
LEGAL DESCRIPTION OF PROPERTY**



**EXHIBIT B TO UNANIMOUS CONSENT AND APPROVAL  
RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2021-1  
OF THE COUNTY OF ORANGE (RIENDA)**

**ATTACHMENT C**  
**DESCRIPTION OF FACILITIES**

The proposed types of facilities and expenses to be financed by the District include:

The construction, purchase, modification, expansion and/or improvement of certain roadways and roadway improvements (including, without limitation, the South County Roadway Improvement Program), tunnels, regional hiking and biking trails, storm drains and basins, water and wastewater facilities (including, without limitation, domestic and non-domestic water facilities, wells, reservoirs, pipelines, storm and sewer drains and related infrastructure and improvements), wet and dry utilities, bridges and pedestrian bridges, parks, traffic signals, school sites, school facilities and equipment, facilities and equipment relating to fire protection and suppression, sheriff's substations and equipment and library facilities and equipment, and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the "Facilities"), and to finance the incidental expenses to be incurred, including:

- a. The cost of engineering, planning and designing the Facilities;
- b. All costs, including costs of property owners petitioning for formation of the District and annexations to the District, associated with the creation of the District and annexations to the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and
- c. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

**ATTACHMENT D**  
**RATE AND METHOD OF APPORTIONMENT FOR**  
**COMMUNITY FACILITIES DISTRICT NO. 2021-1**  
**OF THE COUNTY OF ORANGE (RIENDA)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 2021-1 of the County of Orange (Rienda) ("CFD No. 2021-1") and collected each Fiscal Year commencing in Fiscal Year 2022-2023, in an amount determined by the Board through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-1, 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:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2021-1; the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the County, CFD No. 2021-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2021-1 or any designee thereof of complying with disclosure requirements of the County, CFD No. 2021-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2021-1 or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the County or CFD No. 2021-1 for any other administrative purposes of CFD No. 2021-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number.

**“Assessor's Parcel Map”** means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

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

**“Backup Special Tax”** means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(d) and Section C.1.(e) below.

**“Board”** means the Board of Supervisors of the County of Orange, acting as the legislative body of CFD No. 2021-1.

**“Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2021-1 and secured by Special Taxes of CFD No. 2021-1 under the Act.

**“CFD Administrator”** means the County Executive Officer, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**“CFD No. 2021-1”** means Community Facilities District No. 2021-1 of the County of Orange (Rienda).

**“Conservation Property”** means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2021-1, excluding Property Owner Association Property, Public Property and Religious Property, that is subject to a declaration of irrevocable covenant, conservation easement deed, or similar document that was recorded restricting the use of such property to open space, habitat preservation, or other conservation purposes as of January 1 of the prior Fiscal Year. In order to ensure that such property is correctly classified as Conservation Property, the owner of such property shall provide the CFD Administrator with a copy of a declaration of irrevocable covenant, conservation easement deed, or similar document.

**“County”** means the County of Orange.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year. Notwithstanding the foregoing, (a) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property prior to the issuance of Bonds, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, (b) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property after the issuance of Bonds, and the amount of Assigned Special Taxes which may be levied pursuant to the new building permit is greater than the Assigned

Special Taxes which may be levied pursuant to the original building permit, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, otherwise the Land Use Class pursuant to the original building permit shall continue to be used, and (c) if a building permit is revoked, expired or otherwise cancelled and no new building permit is issued for the same property, then the property will continue to be considered Developed Property and taxed based on the original building permit.

**“Exempt Welfare Exemption Property”** means, for each Fiscal Year, an Assessor’s Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s assessor’s roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

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

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

**“Land Use Class”** means any of the classes within each Zone listed in Tables 1 through 8 below.

**“Maximum Special Tax”** means for each Fiscal Year for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied on such Assessor’s Parcel in such Fiscal Year.

**“Non-Residential Property”** means all Assessor’s Parcels of 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.

**“Property Owner Association Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 that is owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association as of January 1 of the prior Fiscal Year. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

**“Proportionately”** means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property within CFD No. 2021-1. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property in CFD No. 2021-1. For Taxable Conservation Property, Taxable Property Owner Association Property, and

Taxable Religious Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Conservation Property, Taxable Property Owner Association Property, or Taxable Religious Property, as applicable, in CFD No. 2021-1. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property, as applicable, in CFD No. 2021-1.

**“Public Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 that is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County or any other public agency as of January 1 of the prior Fiscal Year; provided however 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 in accordance with its use. In order to ensure that such property is correctly classified as Public Property, the owner of such property shall provide the CFD Administrator with a copy of any applicable documents.

**“Religious Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 which (i) is either (a) used primarily as a place of worship or (b) vacant land or land under construction that is intended to be used primarily as a place of worship as determined by the CFD Administrator; and (ii) is exempt from *ad valorem* property taxes because it is owned by a religious organization as of January 1 of the prior Fiscal Year. Religious Property, without limitation, does not include any Assessor’s Parcels used primarily for religious schools, day care centers, or congregate care facilities.

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

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

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

**“Special Tax Requirement”** means for each Fiscal Year, that amount required for CFD No. 2021-1 to pay the sum of: (i) debt service on all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year by CFD No. 2021-1; and (v) any amounts required for construction of facilities eligible to be

constructed or acquired by CFD No. 2021-1 under the Act provided that inclusion of such amount does not increase the amount of Special Taxes to be levied on Assessor's Parcels of Undeveloped Property. In arriving at the Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the annual Special Tax levy.

**"State"** means the State of California.

**"Taxable Conservation Property"** means all Assessor's Parcels of Conservation Property that are not exempt pursuant to Section E below.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2021-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Taxable Property Owner Association Property"** means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

**"Taxable Religious Property"** means all Assessor's Parcels of Religious Property that are not exempt pursuant to Section E below.

**"Trustee"** means the trustee, fiscal agent, or paying agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, or Taxable Undeveloped Property.

**"Zone"** means any one of the separate geographic areas within CFD No. 2021-1 as designated on the recorded boundary map for CFD No. 2021-1 (including any annexation map).

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

Each Fiscal Year, all Taxable Property within Zones 1 through 8 of CFD No. 2021-1 shall be classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, Undeveloped Property, or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance 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, and the Residential Floor Area of the dwelling units located on the Assessor's Parcel. The Assigned Special Tax

for Non-Residential Property shall be based on the Zone in which the Assessor's Parcel is located and the Acreage of the Assessor's Parcel.



**C. MAXIMUM SPECIAL TAX RATE****1. Developed Property****a. Maximum Special Tax**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone.

**b. Assigned Special Tax**

The Assigned Special Tax for each Land Use Class within each Zone for Fiscal Year 2022-2023 is shown below in Tables 1 through 8.

**TABLE 1****Zone 1****(All Ages – Single Family Attached Flats)****For Fiscal Year 2022-2023****Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,350 SF	Residential Property	\$5,492 per unit
2	1,251 – 1,350 SF	Residential Property	\$5,217 per unit
3	1,151 – 1,250 SF	Residential Property	\$5,041 per unit
4	1,051 – 1,150 SF	Residential Property	\$4,821 per unit
5	951 – 1,050 SF	Residential Property	\$4,646 per unit
6	< 951 SF	Residential Property	\$4,030 per unit
7	N/A	Non-Residential Property	\$146,770 per Acre

**TABLE 2**  
**Zone 2**  
**(All Ages – Single Family Attached Townhomes)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,500 SF	Residential Property	\$6,550 per unit
2	1,301 – 1,500 SF	Residential Property	\$6,295 per unit
3	1,101 – 1,300 SF	Residential Property	\$5,668 per unit
4	< 1,101 SF	Residential Property	\$4,931 per unit
5	N/A	Non-Residential Property	\$139,047 per Acre

**TABLE 3**  
**Zone 3**  
**(All Ages – Single Family Detached Duplex)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$7,299 per unit
2	1,601 – 1,800 SF	Residential Property	\$6,341 per unit
3	1,401 – 1,600 SF	Residential Property	\$6,066 per unit
4	< 1,401 SF	Residential Property	\$5,603 per unit
5	N/A	Non-Residential Property	\$144,849 per Acre

**TABLE 4**  
**Zone 4**  
**(All Ages –Single Family Detached Stub Alley)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,750 SF	Residential Property	\$7,209 per unit
2	1,551 – 1,750 SF	Residential Property	\$6,737 per unit
3	1,351 – 1,550 SF	Residential Property	\$6,198 per unit
4	< 1,351 SF	Residential Property	\$5,923 per unit
5	N/A	Non-Residential Property	\$167,967 per Acre

**TABLE 5**  
**Zone 5**  
**(All Ages –Single Family Detached Traditional)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 2,600 SF	Residential Property	\$9,771 per unit
2	2,401 – 2,600 SF	Residential Property	\$9,308 per unit
3	2,201 – 2,400 SF	Residential Property	\$8,536 per unit
4	2,001 – 2,200 SF	Residential Property	\$8,023 per unit
5	1,801 – 2,000 SF	Residential Property	\$7,593 per unit
6	< 1,801 SF	Residential Property	\$7,091 per unit
7	N/A	Non-Residential Property	\$104,694 per Acre

**TABLE 6**  
**Zone 6**  
**(Assisted Living Property)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	N/A	Residential Property	\$65,567 per Acre
2	N/A	Non-Residential Property	\$65,567 per Acre

**TABLE 7**  
**Zone 7**  
**(Age Qualified – Cluster Single Family Detached)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$6,235 per unit
2	1,601 – 1,800 SF	Residential Property	\$6,043 per unit
3	1,401 – 1,600 SF	Residential Property	\$5,506 per unit
4	1,201 – 1,400 SF	Residential Property	\$5,330 per unit
5	< 1,201 SF	Residential Property	\$5,003 per unit
6	N/A	Non-Residential Property	\$86,470 per Acre

**TABLE 8**  
**Zone 8**  
**(Age Qualified – Single Family Detached Alley)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,950 SF	Residential Property	\$6,581 per unit
2	1,751 – 1,950 SF	Residential Property	\$6,178 per unit
3	1,551 – 1,750 SF	Residential Property	\$5,800 per unit
4	< 1,551 SF	Residential Property	\$5,654 per unit
5	N/A	Non-Residential Property	\$61,429 per Acre

c. Multiple Land Use Classes

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

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property, and Non-Residential Property based on the site plan or other applicable document as determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

d. Backup Special Tax

The Backup Special Tax in CFD No. 2021-1 shall be equal to an amount per Acre for each Zone as shown below in Table 9.

**TABLE 9**  
**All Zones**  
**Fiscal Year 2022-2023**  
**Backup Special Tax**

<b>Zone</b>	<b>FY 2022-2023 Backup Special Tax</b>
1	\$146,770 per Acre
2	\$139,047 per Acre
3	\$144,849 per Acre
4	\$167,967 per Acre
5	\$104,694 per Acre
6	\$65,567 per Acre
7	\$86,470 per Acre
8	\$61,429 per Acre

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2023, the Assigned Special Tax and the Backup Special Tax 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. Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property**

a. Maximum Special Tax

The Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property within each Zone is shown below in Table 10.

**TABLE 10**  
**All Zones**  
**Fiscal Year 2022-2023**  
**Maximum Special Taxes for Taxable Conservation Property, Taxable Property Owner**  
**Association Property, Taxable Public Property, Taxable Religious Property, or**  
**Undeveloped Property**

<b>Zone</b>	<b>FY 2022-2023 Maximum Special Tax</b>
1	\$146,770 per Acre
2	\$139,047 per Acre
3	\$144,849 per Acre
4	\$167,967 per Acre
5	\$104,694 per Acre
6	\$65,567 per Acre
7	\$86,470 per Acre
8	\$61,429 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2023, the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and 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 TAX**

Commencing with Fiscal Year 2022-2023 and for each following Fiscal Year, the Board shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

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

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 for which the Maximum Special Tax is determined through

the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2021-1. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

#### **E. EXEMPTIONS**

No Special Taxes shall be levied on Conservation Property, Property Owner Association Property, Public Property, or Religious Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the "Minimum Taxable Acreage" as defined below.

The Minimum Taxable Acreage for Zones 1 through 6 is equal to the applicable amount shown in Column B of Table 11 below prior to any annexations into CFD No. 2021-1.



**Table 11**  
**Minimum Taxable Acreage**  
**Prior to Annexations**

Column A	Column B
Zone	Minimum Taxable Acreage prior to Annexations
1	4.29 Acres
2	5.12 Acres
3	7.70 Acres
4	6.41 Acres
5	4.90 Acres
6	10.577 Acre

Additional property is expected to be annexed into Zones 5, 7, and 8 of CFD No. 2021-1 at a future date. The Minimum Taxable Acreage for Zones 5, 7 and 8 is equal to the applicable amount shown in Column D of Table 12 below following annexations into CFD No. 2021-1.

**Table 12**  
**Minimum Taxable Acreage**

Column A	Column B	Column C	Column D
Property Annexed into Zone	Minimum Taxable Acreage prior to Annexation	Amount of Increase to Minimum Taxable Acreage indicated in Table 11 above	New Minimum Taxable Acreage following Annexation
5	4.90 Acres	11.52 Acres	16.42 Acres
7	NA	5.66 Acres	5.66 Acres
8	NA	5.46 Acres	5.46 Acres

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Conservation Property, Property Owner Association Property, Public Property, or Religious Property. However, should an Assessor's Parcel no longer be classified as Conservation Property, Property Owner Association Property, Public Property, or Religious Property, its tax-exempt status will be revoked and it will thereafter be classified as Developed Property or Undeveloped Property in accordance with Section C above.

To the extent that the exemption of an Assessor's Parcel of Conservation Property, Property Owner Association Property, Public Property, or Religious Property would reduce the Acreage of Taxable Property below the Minimum Taxable Acreage in the applicable Zone, such Assessor's Parcel shall be classified as Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, as applicable, and shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth or fifth steps, as applicable, in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

**F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Act and permitted by CFD No. 2021-1. The use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

**G. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section G:

**"CFD Public Facilities Cost"** means either \$130.5 million in 2021 dollars (based on development at buildout including development in any future annexation areas), which shall increase by the Construction Inflation Index on July 1, 2022, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2021-1 under the authorized bonding program for CFD No. 2021-1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method 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, for a Fiscal Year, the greater of 0% and the annual percentage change in the Engineering News-Record Building Cost Index for the

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

**“Future Facilities Costs”** means the CFD Public Facilities Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

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

**“Previously Issued Bonds”** means all Bonds that have been issued by CFD No. 2021-1 prior to the date of prepayment.

### **1. Prepayment in Full**

The obligation to pay the Special Tax for an Assessor’s Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

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

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

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

### **Paragraph No.:**

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property for which a building permit has been

issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel. For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid.

2. (a) For an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued (i) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 2021-1 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid, and (ii) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes for the entire CFD No. 2021-1 based on the Backup Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid.
- (b) For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, divide the Maximum Special Tax computed pursuant to paragraph 1 by the total estimated Maximum Special Tax for the entire CFD No. 2021-1 based on the Maximum Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid.
3. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.

6. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD 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.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2021-1, 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. The 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.
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 of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building

permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, 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 3, 4, 6, 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 3, 4, 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 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2021-1.

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 CFD Administrator 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 for which the Special Tax is prepaid, the Board 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 to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

## **2. Prepayment in Part**

The Special Tax for an Assessor's Parcel of Developed Property and/or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as

in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - AE) \times F] + AE$$

These terms have the following meaning:

AE	=	the Administrative Fees and Expenses
PP	=	the partial prepayment amount
P <sub>E</sub>	=	the Prepayment Amount calculated according to Section G.1
F	=	the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax 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 for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, CFD No. 2021-1 shall (i) distribute the funds remitted to it according to Section G.1, and (ii) indicate in the records of CFD No. 2021-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D. Furthermore, for Undeveloped Property that has been partially prepaid, the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax shall continue to apply to such Assessor's Parcel after such Assessor's Parcel is considered Developed Property.

Notwithstanding the foregoing, no partial prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed partial prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed partial prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

## **H. SPECIAL TAX REDUCTION**

The following definitions apply to this Section H:

**“Issuance Date”** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2021-1.

**“Plan Type”** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster, etc.) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2021-1 as identified in the Price Point Study.

**“Price Point”** means, with respect to the residential dwelling units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such residential dwelling units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 2021-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 2021-1 or the County, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2021-1, (ii) the County, (iii) any owner of real property in CFD No. 2021-1, or (iv) any real property in CFD No. 2021-1, and (e) is not connected with CFD No. 2021-1 or the County as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2021-1 or the County.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within Zones 1 through 8 of CFD No. 2021-1, (c) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Step No. 1 of this Section H. The Price Point Study will only include the for-sale Residential Property in Zones 1 through 8.

**“Total Effective Tax Rate”** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**“Total Tax and Assessment Obligation”** means, with respect to a Plan Type in a Zone, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on all residential dwelling units of such Plan Type in such Zone in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been



completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type in such Zone. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type in such Zone as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in Zones 1 through 8:

Step No.:

1. At least 30 days prior to the expected Issuance Date of the first series of Bonds, CFD No. 2021-1 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in each Zone.
3. Separately, for each Land Use Class of for-sale Residential Property in each Zone, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in a Zone is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class in such Zone.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in a Zone is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class in such Zone, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class in such Zone to exceed 2.00%.
  - c. If the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property in a Zone would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it within the same Zone (e.g., the Assigned Special Tax for Land Use Class 1 in Zone 1 is less than the Assigned Special Tax for Land Use Class 2 in Zone 1), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2 in Zone 1 shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1 in Zone 1).

4. If the Assigned Special Tax for any Land Use Class in a Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property within such Zone. The revised Backup Special Tax per Acre for such Zone shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre for such Zone as set forth in Table 9 above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property in such Zone resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class in such Zone multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class in such Zone (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within the Zone and converted to a percentage.
  
5. If the Assigned Special Tax for any Land Use Class in any Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2021-1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes in all Zones and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class in a Zone as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Tables 1 through 8 in Section C for a Land Use Class in a Zone that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax for a Zone as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 9 in Section C.1.(d) for a Zone that was not revised as determined pursuant to step 4.
  
6. If the Issuance Date of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2021-1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2021-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.
  
7. As soon as practicable after the execution by CFD No. 2021-1 of the

acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2021-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2021-1 reflecting the Assigned Special Taxes and the Backup Special Tax for each Zone set forth in such Certificate of Reduction in Special Taxes.

8. If the Assigned Special Tax is not required to be changed for any Land Use Class in any Zone based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2021-1 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax are necessary.
9. CFD No. 2021-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2021-1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

**I. TERM OF SPECIAL TAX**

The Special Tax shall be levied on an Assessor's Parcel for a period not to exceed forty years from the Fiscal Year in which such Assessor's Parcel first becomes Developed Property.

**J. DETERMINATIONS OF CFD ADMINISTRATOR CONSIDERED FINAL**

Any determinations made by CFD Administrator under terms of this Rate and Method of Apportionment shall be final.

**EXHIBIT A****CERTIFICATE OF REDUCTION IN SPECIAL TAXES****Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within CFD No. 2021-1 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. Tables 1A through 8A below show the Assigned Special Tax for each Land Use Class in Zones 1 through 8 after such reduction.

**Table 1A**  
**Assigned Special Tax for Developed Property in Zone 1**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,350 SF	Residential Property	\$_____ per unit
2	1,251 – 1,350 SF	Residential Property	\$_____ per unit
3	1,151 – 1,250 SF	Residential Property	\$_____ per unit
4	1,051 – 1,150 SF	Residential Property	\$_____ per unit
5	951 – 1,050 SF	Residential Property	\$_____ per unit
6	< 951 SF	Residential Property	\$_____ per unit
7	N/A	Non-Residential Property	\$_____ per Acre

Certificate of Reduction in Special Taxes  
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**Table 2A**  
**Assigned Special Tax for Developed Property in Zone 2**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,500 SF	Residential Property	\$_____ per unit
2	1,301 – 1,500 SF	Residential Property	\$_____ per unit
3	1,101 – 1,300 SF	Residential Property	\$_____ per unit
4	< 1,101 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

**Table 3A**  
**Assigned Special Tax for Developed Property in Zone 3**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$_____ per unit
2	1,601 – 1,800 SF	Residential Property	\$_____ per unit
3	1,401 – 1,600 SF	Residential Property	\$_____ per unit
4	< 1,401 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

Certificate of Reduction in Special Taxes  
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**Table 4A**  
**Assigned Special Tax for Developed Property in Zone 4**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,750 SF	Residential Property	\$_____ per unit
2	1,551 – 1,750 SF	Residential Property	\$_____ per unit
3	1,351 – 1,550 SF	Residential Property	\$_____ per unit
4	< 1,351 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

**Table 5A**  
**Assigned Special Tax for Developed Property in Zone 5**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 2,600 SF	Residential Property	\$_____ per unit
2	2,401 – 2,600 SF	Residential Property	\$_____ per unit
3	2,201 – 2,400 SF	Residential Property	\$_____ per unit
4	2,001 – 2,200 SF	Residential Property	\$_____ per unit
5	1,801 – 2,000 SF	Residential Property	\$_____ per unit
6	< 1,801 SF	Residential Property	\$_____ per unit
7	N/A	Non-Residential Property	\$_____ per Acre

## Certificate of Reduction in Special Taxes

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**Table 6A**  
**Assigned Special Tax for Developed Property in Zone 6**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	NA	Residential Property	\$_____ per Acre
2	NA	Non-Residential Property	\$_____ per Acre

**Table 7A**  
**Assigned Special Tax for Developed Property in Zone 7**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$_____ per unit
2	1,601 – 1,800 SF	Residential Property	\$_____ per unit
3	1,401 – 1,600 SF	Residential Property	\$_____ per unit
4	1,201 – 1,400 SF	Residential Property	\$_____ per unit
5	< 1,201 SF	Residential Property	\$_____ per unit
6	N/A	Non-Residential Property	\$_____ per Acre

## Certificate of Reduction in Special Taxes

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**Table 8A**  
**Assigned Special Tax for Developed Property in Zone 8**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,950 SF	Residential Property	\$_____ per unit
2	1,751 – 1,950 SF	Residential Property	\$_____ per unit
3	1,551 – 1,750 SF	Residential Property	\$_____ per unit
4	< 1,551 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

4. The Backup Special Tax for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown in Table 9A below.

**Table 9A**  
**Backup Special Tax**  
**Fiscal Year 2022-2023**

<b>Zone</b>	<b>Backup Special Tax</b>
1	\$_____ per Acre
2	\$_____ per Acre
3	\$_____ per Acre
4	\$_____ per Acre
5	\$_____ per Acre
6	\$_____ per Acre
7	\$_____ per Acre
8	\$_____ per Acre

5. Upon execution of this certificate by CFD No. 2021-1, CFD No. 2021-1 shall cause an Resolution No. YY-\_\_\_\_\_, Item No. \_\_\_\_\_  
 Resolution of Intention CFD No. 2021-1



amended notice of Special Tax lien for CFD No. 2021-1 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

Certificate of Reduction in Special Taxes

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Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2021-1, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)

By: \_\_\_\_\_ Date as of: [closing date of Bonds]

**EXHIBIT B**

**CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES**

**Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
2. Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%
3. The Maximum Special Tax for Developed Property within CFD No. 2021-1, including the Assigned Special Taxes set forth in Sections C.1.(b) and the Backup Special Tax set forth in Section C.1.(d) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date as of: [closing date of Bonds]

RESOLUTION OF INTENTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE COUNTY OF ORANGE (RIENDA), TO PROVIDE FOR FUTURE ANNEXATION OF TERRITORY TO COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE COUNTY OF ORANGE (RIENDA)

December 7, 2021

WHEREAS, the County of Orange (the “County”) has established “Community Facilities District No. 2021-1 of the County of Orange (Rienda)” (“Community Facilities District No. 2021-1” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”); and

WHEREAS, Community Facilities District No. 2021-1 has been established through the adoption by the Board of Supervisors of the County of Orange (the “Board of Supervisors”) of Resolution No. 21-135 (the “Resolution of Formation”) on November 23, 2021 for the purpose of financing the facilities (the “Facilities”) and the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”), including the repayment of bonds issued to finance such Facilities and Incidental Expenses, as described in the Resolution of Formation; and

WHEREAS, pursuant to Section 53339.2 of the Act, owners of land may request the Board of Supervisors, acting as the legislative body of the District, to identify such land as territory to be annexed to the District in the future; and

WHEREAS, the County received a petition signed by the landowner of the territory described in Attachment “A” hereto (the “Annexation Area”) requesting that the Board of Supervisors, acting as the legislative body of the District, provide for future annexation of the Annexation Area, or any portion thereof, to the District upon the unanimous consent and approval of the owner or owners of each parcel or parcels at the time such parcel or parcels are annexed, which petition meets the requirements of Section 53339.2 of the Government Code of the State of California; and

WHEREAS, the Board of Supervisors, acting as the legislative body of the District, desires to adopt this resolution of intention as provided in Section 53339.3 of the Government Code of the State of California, to identify the Annexation Area described in Attachment “A” hereto as territory which may be annexed to the District, in whole or in part, in the future; and

WHEREAS, a parcel or parcels within the Annexation Area may be annexed to the District and be subjected to the levy of the special tax of the District upon approval by the Board of Supervisors, acting as legislative body of the District, following submittal of a unanimous consent and approval of the owner or owners of the parcel or parcels to be annexed in substantially the form attached as Attachment “B” hereto (the “Unanimous Consent and Approval”), or in compliance with other procedures established by the Act; and

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct.

SECTION 2. The name of the District is “Community Facilities District No. 2021-1 of the County of Orange (Rienda).”

SECTION 3. The boundaries of Community Facilities District No. 2021-1 are as shown on the map designated “Proposed Boundaries of Community Facilities District No. 2021-1 of the County of Orange (Rienda), County of Orange, State of California”, which map is on file in the office of the Clerk of the Board of Supervisors and was recorded pursuant to Sections 3111 and 3112 of the Streets and Highways Code in the County of Orange Book of Maps of Assessment and Community Facilities Districts in the County Recorder’s Office in Book No. 108 Page Nos. 36-37, on October 25, 2021 as Instrument No. 2021000648229.

It is proposed that the boundaries of the Annexation Area shall be the legal boundaries as described in Attachment “A” hereto and as depicted on the map of the proposed Annexation Area which is on file with the Clerk of the Board. Pursuant to Section 3110.5 of the Streets and Highways Code of the State of California, the Board of Supervisors, acting as the legislative body of the District, hereby adopts such map as the boundary map of the Annexation Area. The Clerk of the Board is hereby directed to sign the original map of the Annexation Area and record it with all proper endorsements thereon with the County Recorder of the County of Orange within 15 days after the adoption of this resolution, all as required by Sections 3110.5 and 3111 of the Streets and Highways Code of the State of California.

SECTION 4. The Board of Supervisors, acting as the legislative body of the District, hereby determines that public convenience and necessity require that the Annexation Area be identified as territory which may be annexed to the District in the future. The Board of Supervisors, acting as the legislative body of the District, hereby designates the Annexation Area shown in Attachment “A” hereto as property proposed for annexation into the District in the future, with annexation of all or a portion of the Annexation Area to occur either upon approval by the legislative body of the District following submittal of a Unanimous Consent and Approval, substantially in the form attached hereto as Attachment “B,” of the owner or owners of the parcel or parcels to be annexed, or in compliance with other procedures established by the Act.

SECTION 5. The facilities authorized to be provided in the existing District are the Facilities set forth in the Resolution of Formation and in Attachment “C” hereto. In accordance with Section 53339.3(c) of the Act, the facilities to be provided for any parcel or parcels within the Annexation Area annexed to the District shall be the same Facilities provided for the existing property within the District.

The Facilities shall be provided, as needed, for the benefit of all owners of property and residents of the District and within the Annexation Area so annexed. All owners of taxable parcels of property within the District and the parcel or parcels within the Annexation Area annexed to the District shall pay special taxes to finance the annual cost of providing such Facilities and Incidental Expenses in accordance with the rate and method of apportionment of special taxes (the “Rate and Method”) attached hereto as Attachment “D.” The “Zone” (as defined in the Rate and Method) or Zones in which any property within the Annexation Area that is annexed to the District is to be

located shall be set forth in the Unanimous Consent and Approval at the time such parcel or parcels are annexed.

SECTION 6. A public hearing (the “Hearing”) on the proposed designation of the Annexation Area and the levy of the special tax on any parcel or parcels within the Annexation Area upon the annexation thereof to the District in accordance with the Rate and Method shall be held at 9:30 a.m., or as soon thereafter as practicable, on January 11, 2022, at the Board of Supervisors Chambers, 333 W. Santa Ana Boulevard, Santa Ana, California 92701.

SECTION 7. At the time and place set forth above for the Hearing, the Board of Supervisors will receive testimony as to whether the Annexation Area shall be designated as territory proposed to be annexed to the District in the future and the levy of the special tax on any parcel or parcels within the Annexation Area upon the annexation thereof to the District.

SECTION 8. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within the current boundaries of the District and the Annexation Area, may appear and be heard.

SECTION 9. The Clerk of the Board is hereby directed to publish a notice (the “Notice”) of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the District and the Annexation Area. The Clerk of the Board is further directed to mail a copy of the Notice to each of the landowners within the boundaries of the District and the Annexation Area at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the District and the Annexation Area. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

SECTION 10. This Resolution shall be effective upon its adoption.

**ATTACHMENT A  
LEGAL DESCRIPTION OF ANNEXATION AREA**

County of Orange Assessor's Parcel Numbers:

125-165-13  
125-165-37  
125-165-38  
125-165-41  
125-165-70  
125-165-71  
125-165-72  
125-165-73

**ATTACHMENT B  
FORM OF UNANIMOUS CONSENT AND APPROVAL**

Community Facilities District No. 2021-1  
of the County of Orange (Rienda)

The County of Orange (the “County”) has formed Community Facilities District No. 2021-1 of the County of Orange (Rienda) (“Community Facilities District No. 2021-1” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”).

The undersigned property owner (the “Owner”) hereby states and certifies as follows:

1. This Unanimous Consent and Approval is submitted by the Owner who is the record owner of fee title to the real property as described in Exhibit “A” hereto (the “Property”). The Owner has provided the District sufficient and current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Unanimous Consent and Approval.

2. There are no registered voters residing within the Property and have been none during the 90-day period preceding [Date of Board Meeting Approving Annexation].

3. This Unanimous Consent and Approval constitutes the unanimous approval of the Owner of the following within the meaning of Sections 53329.6 and 53339 et seq. of the Act for purposes of:

(a) Annexation. The annexation of the Property to the District.

(b) Special Tax. The levy of special taxes (the “Special Tax”) on the Property to finance the Facilities and Incidental Expenses described in Attachment “B” to Resolution No. \_\_\_\_\_ adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on November 23, 2021 (the “Resolution of Formation”), including the repayment of bonds issued to finance such Facilities and Incidental Expenses, in accordance with the rate and method of apportionment of special tax for the District (the “Rate and Method”) attached as Attachment “A” to the Resolution of Formation and as Exhibit “B” to this Unanimous Consent and Approval.

Pursuant to Section 53329.6 of the Act, this Unanimous Consent and Approval constitutes the vote of the qualified elector in favor of the matters addressed in this Section 3 for purposes of the California Constitution, including, but not limited to Articles XIII A and XIII C.

4. The Owner hereby acknowledges that no further hearings are required with respect to the approval of the matters set forth in Section 3 above.

5. The Owner hereby designates the Property to be within the following Zone(s) (as defined in the Rate and Method) of the District:

**Tract No./Assessor Parcel Number(s)****Zone Designation**

6. The Owner understands and hereby unanimously approves that the Special Tax is authorized to be levied on the Property annexed to the District, and the lien of the Special Tax is a continuing lien which shall secure each annual levy of the Special Tax and which shall continue in force and effect until the Special Tax obligation is canceled in accordance with law or until the Special Tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code of the State of California.

7. Having been fully advised with respect to the unanimous approval process set forth herein, the Owner waives compliance with any and all provisions of the Elections Code and Government Code, with any time limits or other procedural requirements, including without limitation, the preparation of an impartial analysis, arguments or rebuttals concerning elections as provided for by Elections Code Sections 9160 to 9167, inclusive, and 9190 and preparation of a tax rate statement as provided in Section 9401 of the Elections Code and any further notices of such approvals as may be required pursuant to the Elections Code or the Government Code.

The undersigned hereby represents that compliance with any additional procedural requirements, including the receipt of any arguments for or against such approval and impartial analyses and the time limitations which may apply in connection with scheduling, mailing and publishing notices, are unnecessary in light of the fact that the undersigned has received sufficient information regarding the imposition of the Special Tax to allow it to properly complete this Unanimous Consent and Approval. The Owner further waives its right to make any protest or complaint or undertake any legal action challenging the validity of this Unanimous Consent and Approval and any proceedings taken in connection therewith or the levy of the Special Tax in accordance with the Rate and Method to finance the costs of the Facilities and Incidental Expenses, including the repayment of bonds issued to finance such Facilities and Incidental Expenses, for the benefit of the Property.

8. The Owner hereby authorizes the District to execute and record in the office of the Recorder of the County of Orange, a notice of special tax lien on the Property in accordance with Section 3117.5 of the Streets & Highways Code of the State of California, which shall give notice that a lien to secure payment of the Special Tax is imposed by the District.

9. This Unanimous Consent and Approval shall be effective upon its execution and delivery and acceptance by the Board of Supervisors, acting as the legislative body of the District.

The foregoing Unanimous Consent and Approval is hereby executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ in \_\_\_\_\_.



[NAME OF ENTITY]

By: \_\_\_\_\_

[NAME]

[TITLE]

[THIS UNANIMOUS APPROVAL SHALL BE NOTARIZED]

**EXHIBIT A TO UNANIMOUS CONSENT AND APPROVAL  
LEGAL DESCRIPTION OF PROPERTY**

**EXHIBIT B TO UNANIMOUS CONSENT AND APPROVAL  
RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2021-1  
OF THE COUNTY OF ORANGE (RIENDA)**

**ATTACHMENT C**  
**DESCRIPTION OF FACILITIES**

The proposed types of facilities and expenses to be financed by the District include:

The construction, purchase, modification, expansion and/or improvement of certain roadways and roadway improvements (including, without limitation, the South County Roadway Improvement Program), tunnels, regional hiking and biking trails, storm drains and basins, water and wastewater facilities (including, without limitation, domestic and non-domestic water facilities, wells, reservoirs, pipelines, storm and sewer drains and related infrastructure and improvements), wet and dry utilities, bridges and pedestrian bridges, parks, traffic signals, school sites, school facilities and equipment, facilities and equipment relating to fire protection and suppression, sheriff's substations and equipment and library facilities and equipment, and related infrastructure improvements, both onsite and offsite, and all appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (the "Facilities"), and to finance the incidental expenses to be incurred, including:

- a. The cost of engineering, planning and designing the Facilities;
- b. All costs, including costs of property owners petitioning for formation of the District and annexations to the District, associated with the creation of the District and annexations to the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and
- c. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

**ATTACHMENT D**  
**RATE AND METHOD OF APPORTIONMENT FOR**  
**COMMUNITY FACILITIES DISTRICT NO. 2021-1**  
**OF THE COUNTY OF ORANGE (RIENDA)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 2021-1 of the County of Orange (Rienda) ("CFD No. 2021-1") and collected each Fiscal Year commencing in Fiscal Year 2022-2023, in an amount determined by the Board through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2021-1, 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:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2021-1; the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the County, CFD No. 2021-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2021-1 or any designee thereof of complying with disclosure requirements of the County, CFD No. 2021-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2021-1 or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the County or CFD No. 2021-1 for any other administrative purposes of CFD No. 2021-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number.

**“Assessor's Parcel Map”** means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

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

**“Backup Special Tax”** means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(d) and Section C.1.(e) below.

**“Board”** means the Board of Supervisors of the County of Orange, acting as the legislative body of CFD No. 2021-1.

**“Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2021-1 and secured by Special Taxes of CFD No. 2021-1 under the Act.

**“CFD Administrator”** means the County Executive Officer, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**“CFD No. 2021-1”** means Community Facilities District No. 2021-1 of the County of Orange (Rienda).

**“Conservation Property”** means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2021-1, excluding Property Owner Association Property, Public Property and Religious Property, that is subject to a declaration of irrevocable covenant, conservation easement deed, or similar document that was recorded restricting the use of such property to open space, habitat preservation, or other conservation purposes as of January 1 of the prior Fiscal Year. In order to ensure that such property is correctly classified as Conservation Property, the owner of such property shall provide the CFD Administrator with a copy of a declaration of irrevocable covenant, conservation easement deed, or similar document.

**“County”** means the County of Orange.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year. Notwithstanding the foregoing, (a) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property prior to the issuance of Bonds, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, (b) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property after the issuance of Bonds, and the amount of Assigned Special Taxes which may be levied pursuant to the new building permit is greater than the Assigned

Special Taxes which may be levied pursuant to the original building permit, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, otherwise the Land Use Class pursuant to the original building permit shall continue to be used, and (c) if a building permit is revoked, expired or otherwise cancelled and no new building permit is issued for the same property, then the property will continue to be considered Developed Property and taxed based on the original building permit.

**“Exempt Welfare Exemption Property”** means, for each Fiscal Year, an Assessor’s Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s assessor’s roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

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

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

**“Land Use Class”** means any of the classes within each Zone listed in Tables 1 through 8 below.

**“Maximum Special Tax”** means for each Fiscal Year for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied on such Assessor’s Parcel in such Fiscal Year.

**“Non-Residential Property”** means all Assessor’s Parcels of 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.

**“Property Owner Association Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 that is owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association as of January 1 of the prior Fiscal Year. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

**“Proportionately”** means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property within CFD No. 2021-1. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property in CFD No. 2021-1. For Taxable Conservation Property, Taxable Property Owner Association Property, and

Taxable Religious Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Conservation Property, Taxable Property Owner Association Property, or Taxable Religious Property, as applicable, in CFD No. 2021-1. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property, as applicable, in CFD No. 2021-1.

**“Public Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 that is used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County or any other public agency as of January 1 of the prior Fiscal Year; provided however 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 in accordance with its use. In order to ensure that such property is correctly classified as Public Property, the owner of such property shall provide the CFD Administrator with a copy of any applicable documents.

**“Religious Property”** means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2021-1 which (i) is either (a) used primarily as a place of worship or (b) vacant land or land under construction that is intended to be used primarily as a place of worship as determined by the CFD Administrator; and (ii) is exempt from *ad valorem* property taxes because it is owned by a religious organization as of January 1 of the prior Fiscal Year. Religious Property, without limitation, does not include any Assessor’s Parcels used primarily for religious schools, day care centers, or congregate care facilities.

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

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

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

**“Special Tax Requirement”** means for each Fiscal Year, that amount required for CFD No. 2021-1 to pay the sum of: (i) debt service on all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year by CFD No. 2021-1; and (v) any amounts required for construction of facilities eligible to be

constructed or acquired by CFD No. 2021-1 under the Act provided that inclusion of such amount does not increase the amount of Special Taxes to be levied on Assessor's Parcels of Undeveloped Property. In arriving at the Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the annual Special Tax levy.

**"State"** means the State of California.

**"Taxable Conservation Property"** means all Assessor's Parcels of Conservation Property that are not exempt pursuant to Section E below.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2021-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Taxable Property Owner Association Property"** means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

**"Taxable Religious Property"** means all Assessor's Parcels of Religious Property that are not exempt pursuant to Section E below.

**"Trustee"** means the trustee, fiscal agent, or paying agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

**"Zone"** means any one of the separate geographic areas within CFD No. 2021-1 as designated on the recorded boundary map for CFD No. 2021-1 (including any annexation map).

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

Each Fiscal Year, all Taxable Property within Zones 1 through 8 of CFD No. 2021-1 shall be classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, Undeveloped Property, or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance 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, and the Residential Floor Area of the dwelling units located on the Assessor's Parcel. The Assigned Special Tax



for Non-Residential Property shall be based on the Zone in which the Assessor's Parcel is located and the Acreage of the Assessor's Parcel.

**C. MAXIMUM SPECIAL TAX RATE****1. Developed Property****a. Maximum Special Tax**

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone.

**b. Assigned Special Tax**

The Assigned Special Tax for each Land Use Class within each Zone for Fiscal Year 2022-2023 is shown below in Tables 1 through 8.

**TABLE 1****Zone 1****(All Ages – Single Family Attached Flats)****For Fiscal Year 2022-2023****Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,350 SF	Residential Property	\$5,492 per unit
2	1,251 – 1,350 SF	Residential Property	\$5,217 per unit
3	1,151 – 1,250 SF	Residential Property	\$5,041 per unit
4	1,051 – 1,150 SF	Residential Property	\$4,821 per unit
5	951 – 1,050 SF	Residential Property	\$4,646 per unit
6	< 951 SF	Residential Property	\$4,030 per unit
7	N/A	Non-Residential Property	\$146,770 per Acre

**TABLE 2**  
**Zone 2**  
**(All Ages – Single Family Attached Townhomes)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,500 SF	Residential Property	\$6,550 per unit
2	1,301 – 1,500 SF	Residential Property	\$6,295 per unit
3	1,101 – 1,300 SF	Residential Property	\$5,668 per unit
4	< 1,101 SF	Residential Property	\$4,931 per unit
5	N/A	Non-Residential Property	\$139,047 per Acre

**TABLE 3**  
**Zone 3**  
**(All Ages – Single Family Detached Duplex)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$7,299 per unit
2	1,601 – 1,800 SF	Residential Property	\$6,341 per unit
3	1,401 – 1,600 SF	Residential Property	\$6,066 per unit
4	< 1,401 SF	Residential Property	\$5,603 per unit
5	N/A	Non-Residential Property	\$144,849 per Acre

**TABLE 4**  
**Zone 4**  
**(All Ages –Single Family Detached Stub Alley)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,750 SF	Residential Property	\$7,209 per unit
2	1,551 – 1,750 SF	Residential Property	\$6,737 per unit
3	1,351 – 1,550 SF	Residential Property	\$6,198 per unit
4	< 1,351 SF	Residential Property	\$5,923 per unit
5	N/A	Non-Residential Property	\$167,967 per Acre

**TABLE 5**  
**Zone 5**  
**(All Ages –Single Family Detached Traditional)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 2,600 SF	Residential Property	\$9,771 per unit
2	2,401 – 2,600 SF	Residential Property	\$9,308 per unit
3	2,201 – 2,400 SF	Residential Property	\$8,536 per unit
4	2,001 – 2,200 SF	Residential Property	\$8,023 per unit
5	1,801 – 2,000 SF	Residential Property	\$7,593 per unit
6	< 1,801 SF	Residential Property	\$7,091 per unit
7	N/A	Non-Residential Property	\$104,694 per Acre

**TABLE 6**  
**Zone 6**  
**(Assisted Living Property)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	N/A	Residential Property	\$65,567 per Acre
2	N/A	Non-Residential Property	\$65,567 per Acre

**TABLE 7**  
**Zone 7**  
**(Age Qualified – Cluster Single Family Detached)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$6,235 per unit
2	1,601 – 1,800 SF	Residential Property	\$6,043 per unit
3	1,401 – 1,600 SF	Residential Property	\$5,506 per unit
4	1,201 – 1,400 SF	Residential Property	\$5,330 per unit
5	< 1,201 SF	Residential Property	\$5,003 per unit
6	N/A	Non-Residential Property	\$86,470 per Acre

**TABLE 8**  
**Zone 8**  
**(Age Qualified – Single Family Detached Alley)**  
**For Fiscal Year 2022-2023**  
**Assigned Special Taxes for Developed Property**

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,950 SF	Residential Property	\$6,581 per unit
2	1,751 – 1,950 SF	Residential Property	\$6,178 per unit
3	1,551 – 1,750 SF	Residential Property	\$5,800 per unit
4	< 1,551 SF	Residential Property	\$5,654 per unit
5	N/A	Non-Residential Property	\$61,429 per Acre

c. Multiple Land Use Classes

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

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property, and Non-Residential Property based on the site plan or other applicable document as determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

d. Backup Special Tax

The Backup Special Tax in CFD No. 2021-1 shall be equal to an amount per Acre for each Zone as shown below in Table 9.

**TABLE 9**  
**All Zones**  
**Fiscal Year 2022-2023**  
**Backup Special Tax**

<b>Zone</b>	<b>FY 2022-2023 Backup Special Tax</b>
1	\$146,770 per Acre
2	\$139,047 per Acre
3	\$144,849 per Acre
4	\$167,967 per Acre
5	\$104,694 per Acre
6	\$65,567 per Acre
7	\$86,470 per Acre
8	\$61,429 per Acre

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2023, the Assigned Special Tax and the Backup Special Tax 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. Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property**

a. Maximum Special Tax

The Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property within each Zone is shown below in Table 10.

**TABLE 10**  
**All Zones**  
**Fiscal Year 2022-2023**  
**Maximum Special Taxes for Taxable Conservation Property, Taxable Property Owner**  
**Association Property, Taxable Public Property, Taxable Religious Property, or**  
**Undeveloped Property**

<b>Zone</b>	<b>FY 2022-2023 Maximum Special Tax</b>
1	\$146,770 per Acre
2	\$139,047 per Acre
3	\$144,849 per Acre
4	\$167,967 per Acre
5	\$104,694 per Acre
6	\$65,567 per Acre
7	\$86,470 per Acre
8	\$61,429 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2023, the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and 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 TAX**

Commencing with Fiscal Year 2022-2023 and for each following Fiscal Year, the Board shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

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

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 for which the Maximum Special Tax is determined through



the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2021-1. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

#### **E. EXEMPTIONS**

No Special Taxes shall be levied on Conservation Property, Property Owner Association Property, Public Property, or Religious Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the "Minimum Taxable Acreage" as defined below.

The Minimum Taxable Acreage for Zones 1 through 6 is equal to the applicable amount shown in Column B of Table 11 below prior to any annexations into CFD No. 2021-1.

**Table 11**  
**Minimum Taxable Acreage**  
**Prior to Annexations**

Column A	Column B
Zone	Minimum Taxable Acreage prior to Annexations
1	4.29 Acres
2	5.12 Acres
3	7.70 Acres
4	6.41 Acres
5	4.90 Acres
6	10.577 Acre

Additional property is expected to be annexed into Zones 5, 7, and 8 of CFD No. 2021-1 at a future date. The Minimum Taxable Acreage for Zones 5, 7 and 8 is equal to the applicable amount shown in Column D of Table 12 below following annexations into CFD No. 2021-1.

**Table 12**  
**Minimum Taxable Acreage**

Column A	Column B	Column C	Column D
Property Annexed into Zone	Minimum Taxable Acreage prior to Annexation	Amount of Increase to Minimum Taxable Acreage indicated in Table 11 above	New Minimum Taxable Acreage following Annexation
5	4.90 Acres	11.52 Acres	16.42 Acres
7	NA	5.66 Acres	5.66 Acres
8	NA	5.46 Acres	5.46 Acres

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Conservation Property, Property Owner Association Property, Public Property, or Religious Property. However, should an Assessor's Parcel no longer be classified as Conservation Property, Property Owner Association Property, Public Property, or Religious Property, its tax-exempt status will be revoked and it will thereafter be classified as Developed Property or Undeveloped Property in accordance with Section C above.

To the extent that the exemption of an Assessor's Parcel of Conservation Property, Property Owner Association Property, Public Property, or Religious Property would reduce the Acreage of Taxable Property below the Minimum Taxable Acreage in the applicable Zone, such Assessor's Parcel shall be classified as Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, as applicable, and shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth or fifth steps, as applicable, in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

**F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Act and permitted by CFD No. 2021-1. The use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

**G. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section G:

**"CFD Public Facilities Cost"** means either \$130.5 million in 2021 dollars (based on development at buildout including development in any future annexation areas), which shall increase by the Construction Inflation Index on July 1, 2022, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2021-1 under the authorized bonding program for CFD No. 2021-1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method 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, for a Fiscal Year, the greater of 0% and the annual percentage change in the Engineering News-Record Building Cost Index for the

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

**“Future Facilities Costs”** means the CFD Public Facilities Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

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

**“Previously Issued Bonds”** means all Bonds that have been issued by CFD No. 2021-1 prior to the date of prepayment.

### **1. Prepayment in Full**

The obligation to pay the Special Tax for an Assessor’s Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

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

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

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

### **Paragraph No.:**

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property for which a building permit has been

issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel. For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid.

2. (a) For an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued (i) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 2021-1 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid, and (ii) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes for the entire CFD No. 2021-1 based on the Backup Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid.
- (b) For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, divide the Maximum Special Tax computed pursuant to paragraph 1 by the total estimated Maximum Special Tax for the entire CFD No. 2021-1 based on the Maximum Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2021-1 (including property expected to be annexed into CFD No. 2021-1), excluding any Assessor's Parcels for which the Special Taxes have been prepaid.
3. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.

6. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD 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.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2021-1, 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. The 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.
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 of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building

permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, 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 3, 4, 6, 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 3, 4, 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 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2021-1.

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 CFD Administrator 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 for which the Special Tax is prepaid, the Board 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 to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

## **2. Prepayment in Part**

The Special Tax for an Assessor's Parcel of Developed Property and/or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as

in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - AE) \times F] + AE$$

These terms have the following meaning:

AE	=	the Administrative Fees and Expenses
PP	=	the partial prepayment amount
P <sub>E</sub>	=	the Prepayment Amount calculated according to Section G.1
F	=	the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax 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 for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, CFD No. 2021-1 shall (i) distribute the funds remitted to it according to Section G.1, and (ii) indicate in the records of CFD No. 2021-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D. Furthermore, for Undeveloped Property that has been partially prepaid, the outstanding percentage (1.00 - F) of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax shall continue to apply to such Assessor's Parcel after such Assessor's Parcel is considered Developed Property.

Notwithstanding the foregoing, no partial prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed partial prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed partial prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

## **H. SPECIAL TAX REDUCTION**

The following definitions apply to this Section H:



**“Issuance Date”** means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2021-1.

**“Plan Type”** means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster, etc.) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2021-1 as identified in the Price Point Study.

**“Price Point”** means, with respect to the residential dwelling units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such residential dwelling units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 2021-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 2021-1 or the County, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2021-1, (ii) the County, (iii) any owner of real property in CFD No. 2021-1, or (iv) any real property in CFD No. 2021-1, and (e) is not connected with CFD No. 2021-1 or the County as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2021-1 or the County.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within Zones 1 through 8 of CFD No. 2021-1, (c) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Step No. 1 of this Section H. The Price Point Study will only include the for-sale Residential Property in Zones 1 through 8.

**“Total Effective Tax Rate”** means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

**“Total Tax and Assessment Obligation”** means, with respect to a Plan Type in a Zone, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on all residential dwelling units of such Plan Type in such Zone in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been

completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type in such Zone. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type in such Zone as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in Zones 1 through 8:

Step No.:

1. At least 30 days prior to the expected Issuance Date of the first series of Bonds, CFD No. 2021-1 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in each Zone.
3. Separately, for each Land Use Class of for-sale Residential Property in each Zone, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in a Zone is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class in such Zone.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in a Zone is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class in such Zone, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class in such Zone to exceed 2.00%.
  - c. If the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property in a Zone would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it within the same Zone (e.g., the Assigned Special Tax for Land Use Class 1 in Zone 1 is less than the Assigned Special Tax for Land Use Class 2 in Zone 1), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2 in Zone 1 shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1 in Zone 1).

4. If the Assigned Special Tax for any Land Use Class in a Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property within such Zone. The revised Backup Special Tax per Acre for such Zone shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre for such Zone as set forth in Table 9 above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property in such Zone resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class in such Zone multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class in such Zone (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within the Zone and converted to a percentage.
  
5. If the Assigned Special Tax for any Land Use Class in any Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2021-1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes in all Zones and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class in a Zone as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Tables 1 through 8 in Section C for a Land Use Class in a Zone that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax for a Zone as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 9 in Section C.1.(d) for a Zone that was not revised as determined pursuant to step 4.
  
6. If the Issuance Date of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2021-1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2021-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.
  
7. As soon as practicable after the execution by CFD No. 2021-1 of the

acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2021-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2021-1 reflecting the Assigned Special Taxes and the Backup Special Tax for each Zone set forth in such Certificate of Reduction in Special Taxes.

8. If the Assigned Special Tax is not required to be changed for any Land Use Class in any Zone based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2021-1 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax are necessary.
9. CFD No. 2021-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2021-1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

**I. TERM OF SPECIAL TAX**

The Special Tax shall be levied on an Assessor's Parcel for a period not to exceed forty years from the Fiscal Year in which such Assessor's Parcel first becomes Developed Property.

**J. DETERMINATIONS OF CFD ADMINISTRATOR CONSIDERED FINAL**

Any determinations made by CFD Administrator under terms of this Rate and Method of Apportionment shall be final.

**EXHIBIT A****CERTIFICATE OF REDUCTION IN SPECIAL TAXES****Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within CFD No. 2021-1 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. Tables 1A through 8A below show the Assigned Special Tax for each Land Use Class in Zones 1 through 8 after such reduction.

**Table 1A**  
**Assigned Special Tax for Developed Property in Zone 1**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,350 SF	Residential Property	\$_____ per unit
2	1,251 – 1,350 SF	Residential Property	\$_____ per unit
3	1,151 – 1,250 SF	Residential Property	\$_____ per unit
4	1,051 – 1,150 SF	Residential Property	\$_____ per unit
5	951 – 1,050 SF	Residential Property	\$_____ per unit
6	< 951 SF	Residential Property	\$_____ per unit
7	N/A	Non-Residential Property	\$_____ per Acre

Certificate of Reduction in Special Taxes  
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**Table 2A**  
**Assigned Special Tax for Developed Property in Zone 2**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,500 SF	Residential Property	\$_____ per unit
2	1,301 – 1,500 SF	Residential Property	\$_____ per unit
3	1,101 – 1,300 SF	Residential Property	\$_____ per unit
4	< 1,101 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

**Table 3A**  
**Assigned Special Tax for Developed Property in Zone 3**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$_____ per unit
2	1,601 – 1,800 SF	Residential Property	\$_____ per unit
3	1,401 – 1,600 SF	Residential Property	\$_____ per unit
4	< 1,401 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

Certificate of Reduction in Special Taxes  
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**Table 4A**  
**Assigned Special Tax for Developed Property in Zone 4**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,750 SF	Residential Property	\$_____ per unit
2	1,551 – 1,750 SF	Residential Property	\$_____ per unit
3	1,351 – 1,550 SF	Residential Property	\$_____ per unit
4	< 1,351 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

**Table 5A**  
**Assigned Special Tax for Developed Property in Zone 5**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 2,600 SF	Residential Property	\$_____ per unit
2	2,401 – 2,600 SF	Residential Property	\$_____ per unit
3	2,201 – 2,400 SF	Residential Property	\$_____ per unit
4	2,001 – 2,200 SF	Residential Property	\$_____ per unit
5	1,801 – 2,000 SF	Residential Property	\$_____ per unit
6	< 1,801 SF	Residential Property	\$_____ per unit
7	N/A	Non-Residential Property	\$_____ per Acre

## Certificate of Reduction in Special Taxes

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**Table 6A**  
**Assigned Special Tax for Developed Property in Zone 6**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	NA	Residential Property	\$_____ per Acre
2	NA	Non-Residential Property	\$_____ per Acre

**Table 7A**  
**Assigned Special Tax for Developed Property in Zone 7**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,800 SF	Residential Property	\$_____ per unit
2	1,601 – 1,800 SF	Residential Property	\$_____ per unit
3	1,401 – 1,600 SF	Residential Property	\$_____ per unit
4	1,201 – 1,400 SF	Residential Property	\$_____ per unit
5	< 1,201 SF	Residential Property	\$_____ per unit
6	N/A	Non-Residential Property	\$_____ per Acre



## Certificate of Reduction in Special Taxes

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**Table 8A**  
**Assigned Special Tax for Developed Property in Zone 8**  
**Fiscal Year 2022-2023**

<b>Land Use Class</b>	<b>Residential Floor Area</b>	<b>Description</b>	<b>Assigned Special Tax</b>
1	> 1,950 SF	Residential Property	\$_____ per unit
2	1,751 – 1,950 SF	Residential Property	\$_____ per unit
3	1,551 – 1,750 SF	Residential Property	\$_____ per unit
4	< 1,551 SF	Residential Property	\$_____ per unit
5	N/A	Non-Residential Property	\$_____ per Acre

4. The Backup Special Tax for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown in Table 9A below.

**Table 9A**  
**Backup Special Tax**  
**Fiscal Year 2022-2023**

<b>Zone</b>	<b>Backup Special Tax</b>
1	\$_____ per Acre
2	\$_____ per Acre
3	\$_____ per Acre
4	\$_____ per Acre
5	\$_____ per Acre
6	\$_____ per Acre
7	\$_____ per Acre
8	\$_____ per Acre

5. Upon execution of this certificate by CFD No. 2021-1, CFD No. 2021-1 shall cause an Resolution No. YY-\_\_\_\_\_, Item No. \_\_\_\_\_  
 Resolution of Intention CFD No. 2021-1

amended notice of Special Tax lien for CFD No. 2021-1 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

Certificate of Reduction in Special Taxes

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Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2021-1, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)

By: \_\_\_\_\_ Date as of: [closing date of Bonds]

**EXHIBIT B**

**CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES**

**Community Facilities District No. 2021-1 of the County of Orange  
(Rienda)**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
2. Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%
3. The Maximum Special Tax for Developed Property within CFD No. 2021-1, including the Assigned Special Taxes set forth in Sections C.1.(b) and the Backup Special Tax set forth in Section C.1.(d) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date as of: [closing date of Bonds]