

RESOLUTION NO. 24-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENIFEE, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2022-3, LEGADO, OF THE CITY OF MENIFEE, DECLARING ITS INTENTION TO CONSIDER AMENDING THE BOUNDARY MAP OF THE DISTRICT, AMENDING THE RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 2, DECREASING THE MAXIMUM AUTHORIZED BONDED INDEBTEDNESS FOR IMPROVEMENT AREA NO. 2, DESIGNATING IMPROVEMENT AREA NO. 3 OF THE DISTRICT AND TO INCUR BONDED INDEBTEDNESS WITHIN IMPROVEMENT AREA NO. 3

WHEREAS, after a public hearing, on September 21, 2022, the City Council (the "City Council") of the City of Menifee (the "City") adopted Resolution Nos. 22-1222 (the "Resolution of Formation") and 22-1223 (the "Resolution to Incur Bonded Indebtedness") which formed Community Facilities District No. 2022-3, Legado, of the City of Menifee (the "District" or "Community Facilities District No. 2022-3"), designated two improvement areas therein ("Improvement Area No. 1" and "Improvement Area No. 2") and called a special election on September 21, 2022, within each improvement area on three propositions relating to the levying of a special tax, the incurring of bonded indebtedness and the establishment of an appropriations limit for the District, which were approved by more than two-thirds vote of the qualified electors within each improvement area on September 21, 2022; and

WHEREAS, subsequent to formation, the District received a petition (the "Petition") signed by BLC Fleming, LLC, a Delaware limited liability company (the "Owner"), which currently owns more than 25 percent of the taxable land within Improvement Area No. 2, to initiate certain changes to: (i) amend the boundary map of the District to exclude certain property from Improvement Area No. 2; (ii) amend and restate the original rate and method of apportionment of special tax for Improvement Area No. 2 (the "Original Improvement Area No. 2 Rate and Method") in the form attached as Exhibit A (the "Amended Improvement Area No. 2 Rate and Method") and (iii) designate Improvement Area No. 3 of the District within the property that is being excluded from Improvement Area No. 2 in connection with these proceedings.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Menifee, California, acting as the legislative body of Community Facilities District No. 2022-3, Legado, of the City of Menifee, does hereby determine and order as follows

Section 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. The City Council, acting as the legislative body of the District, declares its intention to conduct proceedings pursuant to Article 3.5 of the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the "Act") to amend and restate the Original Improvement Area No. 2 Rate and Method, in the form of the Amended Improvement Area No. 2 Rate and Method attached hereto as Exhibit A.

The proposed Amended Improvement Area No. 2 Rate and Method and manner of collection of the special tax for Improvement Area No. 2 are described in detail in Exhibit A (which attachment is incorporated herein by this reference) and allow each landowner within Improvement Area No. 2 to estimate the maximum amount that may be levied against each parcel.

If the special tax of Improvement Area No. 2 is levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall be specified as a dollar

Resolution of Consideration for Change Proceedings for CFD 2023-2

amount that shall be calculated and established not later than the date on which the parcel is first subject to the special tax because of its use for private residential purposes and shall not be increased over time, except as set forth in Exhibit A hereto, (ii) such Special Tax shall not be levied after fiscal year 2064-65, as described in Exhibit A hereto, and (iii) under no circumstances will the special tax levied in any fiscal year against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within Improvement Area No. 2 by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The special tax of Improvement Area No. 2 is based on the expected demand that each parcel of real property within proposed Improvement Area No. 2 will place on the facilities described in Attachment A to the Resolution of Formation (the "Facilities") and on the benefit that each parcel derives from the right to access the Facilities. The City Council hereby determines that the proposed Facilities are necessary to meet the increased demand placed upon the City and the existing infrastructure in the City as a result of the development of the land proposed for inclusion in the District. The City Council hereby determines the Amended Improvement Area No. 2 Rate and Method set forth in Exhibit A to be reasonable. The special tax of Improvement Area No. 2 is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within Improvement Area No. 2 shall become for any reason exempt, wholly or partially, from the levy of the special tax of Improvement Area No. 2 specified in Exhibit A, the City Council shall, on behalf of the District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibit A, to the extent necessary upon the remaining property within proposed Improvement Area No. 2 which is not exempt in order to yield the special tax revenues of Improvement Area No. 2 required for the purposes described in this Section 2. The obligation to pay the Special Tax may be prepaid only as set forth in Section G of Exhibit A hereto.

Section 3. The City Council, acting as the legislative body of the District, declares its intention, pursuant to Sections 53331, 53332, 53334 and 53350 of the Act to remove the property described and depicted in Exhibit B hereto from Improvement Area No. 2 and to designate such property as Improvement Area No. 3. It is proposed that the boundaries of Improvement Area No. 3 shall be the legal boundaries on the proposed amended boundary map depicted in Exhibit B hereto. The name of the proposed Improvement Area No. 3 shall be "Improvement Area No. 3 of Community Facilities District No. 2022-3 (Legado) of the City of Menifee." The City Clerk is hereby directed to sign the original amended boundary and record it with all proper endorsements thereon with the County Recorder of the County of Riverside within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

Section 4. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax within Improvement Area No. 3 (the "Special Tax"), secured by recordation of a continuing lien against all nonexempt real property in Improvement Area No. 3, sufficient to pay for: (i) the Facilities and Incidental Expenses (as defined in the Resolution of Formation); and (ii) the principal and interest and other periodic costs on bonds or other indebtedness issued within Improvement Area No. 3 to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary

by the District, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund in lieu of cash). The rate and method of apportionment and manner of collection of the Special Tax are described in detail in Exhibit C attached hereto, which Exhibit C is incorporated herein by this reference (the "Improvement Area No. 3 Rate and Method"). Exhibit C allows each landowner within Improvement Area No. 3 to estimate the maximum amount of the Special Tax that may be levied against each parcel. In the first year in which such Special Tax is levied, the levy shall include an amount sufficient to repay to the District all amounts, if any, transferred to the District pursuant to Section 53314 of the Act and interest thereon.

If the Special Tax is levied against any parcel used for private residential purposes, (i) the maximum Special Tax rate shall be specified as a dollar amount that shall be calculated and established not later than the date on which the parcel is first subject to the Special Tax because of its use for private residential purposes and shall not be increased over time, except as set forth in Exhibit C hereto, (ii) such Special Tax not shall be levied after fiscal year 2064-65, as described in Exhibit C hereto, and (iii) under no circumstances will the Special Tax levied in any fiscal year against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within Improvement Area No. 3 by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The Special Tax is based on the expected demand that each parcel of real property within proposed Improvement Area No. 3 will place on the Facilities and on the benefit that each parcel derives from the right to access the Facilities. The City Council hereby determines that the proposed Facilities are necessary to meet the increased demand placed upon the City and the existing infrastructure in the City as a result of the development of the land proposed for inclusion in the District. The City Council hereby determines the rate and method of apportionment of the special tax with respect to the Special Tax set forth in Exhibit C to be reasonable. The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within Improvement Area No. 3 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax specified on Exhibit C, the City Council shall, on behalf of the District, cause the levy to be increased, subject to the limitation of the maximum Special Tax for a parcel as set forth in Exhibit C, to the extent necessary upon the remaining property within proposed Improvement Area No. 3 that is not exempt in order to yield the Special Tax revenues required for the purposes described in this Section 4. The obligation to pay the Special Tax may be prepaid only as set forth in Section G of Exhibit C hereto.

Section 5. It is necessary to incur bonded indebtedness within the boundaries of Improvement Area No. 3 in an amount not to exceed \$28,000,000, in order to finance certain of the costs of the Facilities and Incidental Expenses, as permitted by the Act for the benefit of Improvement Area No. 3.

Section 6. The indebtedness will be incurred for the purpose of financing the costs of the Facilities and the Incidental Expenses of Improvement Area No. 3, including, but not limited to, the funding of reserve funds for the bonds, the financing of costs associated with the issuance of the bonds and all other costs and expenses necessary to finance the Facilities and Incidental Expenses that are permitted to be financed pursuant to the Act.

Section 7. It is the intent of the City Council to authorize the sale of bonds of Improvement Area No. 3 in one or more series, which bonds may be issued to fund Facilities and Incidental Expenses for Improvement Area No. 3 in the maximum amount set forth in Section 5, and which bonds may bear interest at a rate not in excess of the maximum rate permitted by law at the time that the bonds are issued. The term of the bonds of each series shall be determined pursuant to a resolution of this City Council authorizing the issuance of the bonds of such series, but such term shall in no event exceed 40 years from the date of issuance of the bonds of such series, or such longer term as is then permitted by law.

Section 8. A public hearing (the "Hearing") on: (i) amending the Original Improvement Area No. 2 Rate and Method in accordance with the proposed Amended Improvement Area No. 2 Rate and Method; (ii) removing certain property currently included in Improvement Area No. 2 and designating such property as Improvement Area No. 3; (iii) the levying of the Special Tax in Improvement Area No. 3 in accordance with the Improvement Area No. 3 Rate and Method; and (iv) the proposed issuance of bonds with respect to Improvement Area No. 3 to finance the Facilities and Incidental Expenses shall be held at 6:00 p.m., or as soon thereafter as practicable, on November 6, 2024, at the City Council Chambers, 29844 Haun Road, Menifee, California. Should the City Council determine to take action to effectuate the foregoing, a special election will be held within Improvement Area No. 2 to authorize the levy of the special tax pursuant to the proposed Amended Improvement Area No. 2 Rate and Method and within proposed Improvement Area No. 3 to authorize the issuance of the bonds for Improvement Area No. 3 and the levy of the special tax for Improvement Area No. 3 in accordance with the procedures contained in Government Code Section 53326. If such elections are held, the proposed voting procedure at the election will be by landowner vote with each landowner who is the owner of record of land within Improvement Area No. 2 or Improvement Area No. 3, as applicable, at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within Improvement Area No. 2 or Improvement Area No. 3. Ballots for the special election may be distributed by mail or by personal service.

Section 9. At the time and place set forth above for the Hearing, the City Council will receive testimony regarding the matters described in Section 8 above. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within Improvement Area No. 2 and Improvement Area No. 3 may appear and be heard.

Section 10. The City Clerk 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. The City Clerk is further directed to mail a copy of the Notice to each of the landowners within the boundaries of Improvement Area No. 2 and proposed Improvement Area No. 3 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 Improvement Area No. 2 and proposed Improvement Area No. 3 and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

Section 11. At the time the District was formed, the maximum principal amount of bonded indebtedness which may be incurred by the District within Improvement Area No. 2 that was authorized was \$45,000,000. It is the intent of the City Council, acting as the

Resolution of Consideration for Change Proceedings for CFD 2023-2

legislative body of the District, to determine that upon the authorization of the special taxes and bonded indebtedness for Improvement Area No. 3 in connection with the change proceedings set forth herein, that it shall not incur bonded indebtedness within Improvement Area No. 2 in a principal amount in excess of \$17,000,000.

Section 12. Except as set forth herein, no other amendments or modifications to the District are being considered at this time

Section 13. This Resolution shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED this the 2nd day of October, 2024.

Bill Zimmerman, Mayor

Attest:

Stephanie Roseen, Acting City Clerk

Approved as to form:

Jeffrey T. Melching, City Attorney

EXHIBIT A

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR COMMUNITY FACILITIES DISTRICT NO. 2022-3 (LEGADO) OF THE CITY OF MENIFEE (IMPROVEMENT AREA NO. 2)

A Special Tax (all capitalized terms are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of Improvement Area No. 2 of the City of Menifee Community Facilities District No. 2022-3 (Legado) ("CFD No. 2022-3 IA 2"). The amount of Special Tax to be levied in each Fiscal Year on an Assessor's Parcel shall be determined by the City Council of the City of Menifee, acting in its capacity as the legislative body of CFD No. 2022-3 IA 2, by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel as a Single-Family Residential Property with a stand-alone Residential Unit.

"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 or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of 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. 2022-3 IA 2: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-3 IA 2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-3 IA 2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2022-3 IA 2 and any major property owner 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 City, CFD No. 2022-3 IA 2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2022-3 IA 2 for any other administrative purposes of CFD No. 2022-3 IA 2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Amended Boundary Map" means a recorded map of the CFD which indicates the boundaries of the CFD.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, (ii) and has an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a lot or parcel of land designated 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.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax" means the Special Tax of that name described in Section D below.

"Building Permit" means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may or may not include any subsequent building permit document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the first original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor's Parcel, provided that following such determination the Maximum Special Tax that may be levied in each Fiscal Year on all Assessor's Parcels of Taxable Property will be at least 1.1 times annual debt service on all outstanding CFD No. 2022-3 IA 2 Bonds plus the estimated annual Administrative Expenses for such Fiscal Year.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

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

"CFD" or "CFD No. 2022-3" means Community Facilities District No. 2022-3 (Legado) established by the City under the Act.

"CFD No. 2022-3 IA 2" means Improvement Area No. 2 of CFD No. 2022-3 as identified on the boundary map for CFD No. 2022-3.

"CFD No. 2022-3 IA 2 Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax of CFD No. 2022-3 IA 2 have been pledged.

"City" means the City of Menifee.

"City Council" means the City Council of the City of Menifee, acting as the Legislative Body of CFD No. 2022-3 IA 2.

"Condominium Plan" means a condominium plan as set forth in the California Civil Code, Section 4285.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have an Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) for which a Building Permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

"Fiscal Year" means the period commencing on July 1st of any year and ending the following June 30th.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2022-3 IA 2 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Table 1 and Table 2 of Section D.

"Maximum Special Tax" means for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section D below, that can be levied by CFD No. 2022-3 IA 2 in any Fiscal Year on such Assessor's Parcel.

"Multifamily Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing a building or buildings comprised of attached Residential Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the CFD Administrator.

"Non-Residential Property" or **"NR"** means all Assessor's Parcels for which a building permit(s) was issued or will be issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel, as described in Section G.2.

"Prepayment Amount" means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel, as described in Section G.1.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the

Maximum Special Tax is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property, or Provisional Undeveloped Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Assessor's Parcels of Undeveloped Property, or Provisional Undeveloped Property, as applicable.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section F, but cannot be classified as Exempt Property because to do so would be reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Sections F.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

"Residential Unit" or **"RU"** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator. An Accessory Dwelling Unit that shares an Assessor's Parcel with a Single-Family Residential Property shall not be considered a Residential Unit for purposes of this RMA.

"Single Family Residential Property" means all Assessor's Parcels of Residential Property other than Multifamily Property.

"Special Tax" means any of the special taxes authorized to be levied within CFD No. 2022-3 IA 2 pursuant to the Act to fund the Special Tax Requirement.

"Special Tax Requirement " means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding CFD No. 2022-3 IA 2 Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to replenish any reserve funds established in association with the CFD No. 2022-3 IA 2 Bonds, (v) an amount equal to any anticipated shortfall due to Special Tax delinquencies, (vi) for debt service on CFD No. 2022-3 IA 2 Bonds anticipated to be issued, and (vii) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2022-3 IA 2, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Steps Two or Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the CFD No. 2022-3 IA 2 Bonds pursuant to the Indenture.

"Tax Zone(s)" means the geographical area(s) within CFD No. 2022-3 IA 2 identified as Tax Zone 1 or Tax Zone 2 as shown on the Amended Boundary Map.

"Tax Zone 1" means all property located within CFD No. 2022-3 IA 2 and identified on the Amended Boundary Map as Tax Zone 1.

"Tax Zone 2" means all property located within CFD No. 2022-3 IA 2 and identified on the Amended Boundary Map as Tax Zone 2.

"Taxable Property" means all Assessor's Parcels within CFD No. 2022-3 IA 2, which are not Exempt Property.

"Taxable Unit" means either a Residential Unit or an Acre.

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

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, Approved Property, Provisional Undeveloped Property.

B. SPECIAL TAX

Commencing Fiscal Year 2024-2025 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property, up to the applicable Maximum Special Tax, to fund the Special Tax Requirement.

C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor's Parcel within CFD No. 2022-3 IA 2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. In addition, each Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property shall be further classified as being within Tax Zone 1 or Tax Zone 2.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as Single-Family Residential Property or Multifamily Property. Each Assessor's Parcel of Single-Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax rate.

In the event that an Assessor's Parcel for which one or more Building Permits have been issued and the County has not yet assigned final Assessor's Parcel Number(s) to the Residential Unit(s) (in accordance with the Final Map or Condominium Plan) on such Assessor's Parcel, the amount of the Special Tax levy on such Assessor's Parcel for each Fiscal Year shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax levy for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Assigned Special Tax rates for Developed Property and shall be taxed as Developed Property in accordance with Step 1 of Section E below; and (3) the amount of the Special Tax levy on the Acreage of Taxable Property in such Assessor's Parcel not subject to the Special Tax levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax rate levied on all other Undeveloped Property multiplied by the total of the amount determined in clause (1), less the amount determined in clause (2).

D. MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Single-Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax.

The Maximum Special Tax for each Assessor's Parcel of Non-Residential or Multifamily Residential Property shall be the applicable Assigned Special Tax described in Table 1 and Table 2 of Section D.

a. Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Single-Family Residential Property, Multifamily Property or Non-Residential shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 and Table 2 below.

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
WITHIN TAX ZONE 1

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 1,900 sq. ft	\$2,841.33
2. Single Family Residential Property	RU	1,900 sq. ft to 2,100 sq. ft	\$3,013.00
3. Single Family Residential Property	RU	2,101 sq. ft to 2,300 sq. ft	\$3,073.34
4. Single Family Residential Property	RU	2,301 sq. ft to 2,500 sq. ft	\$3,179.46
5. Single Family Residential Property	RU	2,501 sq. ft to 2,700 sq. ft	\$3,234.60
6. Single Family Residential Property	RU	Greater than 2,700 sq. ft	\$3,324.08
7. Multifamily Property	Acre	N/A	\$22,230.00
8. Non-Residential Property	Acre	N/A	\$22,230.00

On each July 1, commencing July 1, 2025, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

TABLE 2
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
WITHIN TAX ZONE 2

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 2,100 sq. ft	\$2,962.02
2. Single Family Residential Property	RU	2,100 sq. ft to 2,400 sq. ft	\$3,111.84
3. Single Family Residential Property	RU	2,401 sq. ft to 2,700 sq. ft	\$3,243.97
4. Single Family Residential Property	RU	2,701 sq. ft to 3,000 sq. ft	\$3,273.10
5. Single Family Residential Property	RU	3,001 sq. ft to 3,300 sq. ft	\$3,336.56
6. Single Family Residential Property	RU	Greater than 3,300 sq. ft	\$3,624.75
7. Multifamily Property	Acre	N/A	\$20,791.00
8. Non-Residential Property	Acre	N/A	\$20,791.00

On each July 1, commencing July 1, 2025, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Multiple Land Use Categories

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax

When a Final Map is recorded, the Administrator shall determine which Tax Zone the Final Map area lies within and the Backup Special Tax for an Assessor's Parcel within the Final Map classified or to be classified as Single-Family Property shall be calculated according to the following formula.

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel within the Final Map

U = Maximum Special Tax per Acre of Undeveloped Property per Section D.3 below

A = Acreage of Single-Family Residential Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator

L = Number of Residential Units expected to exist in such Final Map at the time of calculation, as determined by the Administrator.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be determined by Table 3 below:

**TABLE 3
MAXIMUM SPECIAL TAX PER ACRE**

Tax Zone	Maximum Special Tax per Acre
1	\$22,230
2	\$20,791

In the event any superseding Final Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be on the rate per Acre shown in the table above. The Backup Special Tax shall not apply to Multifamily Residential Property, or Non-Residential Property.

On each July 1, commencing July 1, 2025, the Backup Special Tax rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Approved Property

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Single-Family Property shall be the Backup Special Tax computed pursuant to Section D.1.c above.

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$22,230 per Acre for Tax Zone 1 and \$20,791 per Acre for Tax Zone 2.

On each July 1, commencing July 1, 2025, the Maximum Special Tax rate for Approved Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

3. Undeveloped Property and Provisional Undeveloped Property that is not Exempt Property pursuant to the provisions of Section F

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property that is not Exempt Property shall be equal to the product of \$22,230 per Acre for Tax Zone 1 and \$20,791 per Acre for Tax Zone 2 multiplied by the Acreage of such Assessor's Parcel.

On each July 1, commencing July 1, 2025, the Maximum Special Tax rate for Undeveloped and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2024-2025 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property in accordance with the following steps:

- Step One: 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 rate to satisfy the Special Tax Requirement.
- Step Two: If additional moneys 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 Approved Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax levy on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the following order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by

the City Council, provided that no such classification would reduce the total Acreage of all Taxable Property to less than the amounts shown in Table 4 below.

**TABLE 4
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	13.21
2	21.07

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$11,500,000 expressed in 2024 dollars, which shall increase by the Construction Inflation Index on July 1, 2025, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2022-3 IA 2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Amended and Restated Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible to be financed by CFD No. 2022-3 IA 2.

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

“Future Facilities Costs” means the CFD Public Facilities minus (i) public facility costs previously funded from the Construction Fund, (ii) public facility costs available to be funded through existing construction or escrow accounts funded by the Outstanding Bonds, and (iii) public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Tax which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding CFD No. 2022-3 IA 2 Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax.

1. Prepayment in Full

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved Property or

Undeveloped Property for which a Building Permit has not been issued and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property, or Provisional Undeveloped Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax obligation applicable to an Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made 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 Maximum Special Tax obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property, Property Owner's Association Property, or Provisional Undeveloped Property to be prepaid compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").

8. Determine 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 on which Bonds can be redeemed from Special Tax prepayments.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (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. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy

for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied each Fiscal Year on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times annual debt service for such Fiscal Year on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP = Partial Prepayment Amount

P_E = the Prepayment Amount calculated according to Section G.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment Amount for the Assessor's Parcel. A Partial Prepayment Amount must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage $(1.00 - F)$ of the Maximum Special Tax obligation will continue to be levied on the Assessor's Parcel pursuant to Section E.

H. TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. The Special Tax shall cease not later than the 2064-2065 Fiscal Year, however, Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all the required interest and principal payments on the CFD No. 2022-3 IA 2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2022-3 IA 2 have been acquired and all reimbursements to the developer have been paid, (iii) no delinquent Special Tax remain uncollected and (iv) all other obligations of CFD No. 2022-3 IA 2 have been satisfied.

I. 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. 2022-3 IA 2 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.

J. APPEALS OF SPECIAL TAXES

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Assessor's Parcel(s). No refunds of previously paid Special Taxes shall be made.

The CFD Administrator shall interpret this Amended and Restated Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY AND AMENDED BOUNDARY MAP

PROPOSED AMENDED BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(LEGADO)
CITY OF MENIFEE,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 1 OF 3 SHEETS

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2022-3 (LEGADO), CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MENIFEE AT A REGULAR MEETING THEREOF, HELD ON ____ DAY OF ____ 20____ BY RESOLUTION NO. ____.

CITY CLERK
CITY OF MENIFEE

FILED IN THE OFFICE OF THE CITY CLERK, CITY OF MENIFEE, THIS ____ DAY OF ____ 20____.

CITY CLERK
CITY OF MENIFEE

RECORDED THIS ____ DAY OF ____ 20____ AT THE HOUR OF ____ O'CLOCK ____ M IN BOOK ____ PAGE ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: ____ NO.: ____

PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: ____ DEPUTY

THIS MAP AMENDS THE MAP RECORDED IN BOOK 89 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT PAGES 44 THROUGH 47 AS INSTRUMENT NO. 2022-0350782 IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

ENCANTO DR

CHAMBERS AVE

ROUSE RD

ANTELOPE RD

LEGEND

----- IMPROVEMENT AREA BOUNDARY

----- CITY BOUNDARY

----- NOT A PART

2,000 Feet

0 500 1000

THIS BOUNDARY MAP CORRECTLY SHOWS THE LOT OR PARCEL OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT REPEATED IN THE COUNTY ASSESSOR MAPS FOR FISCAL YEARS 2024-25

CITY CLERK
CITY OF MENIFEE

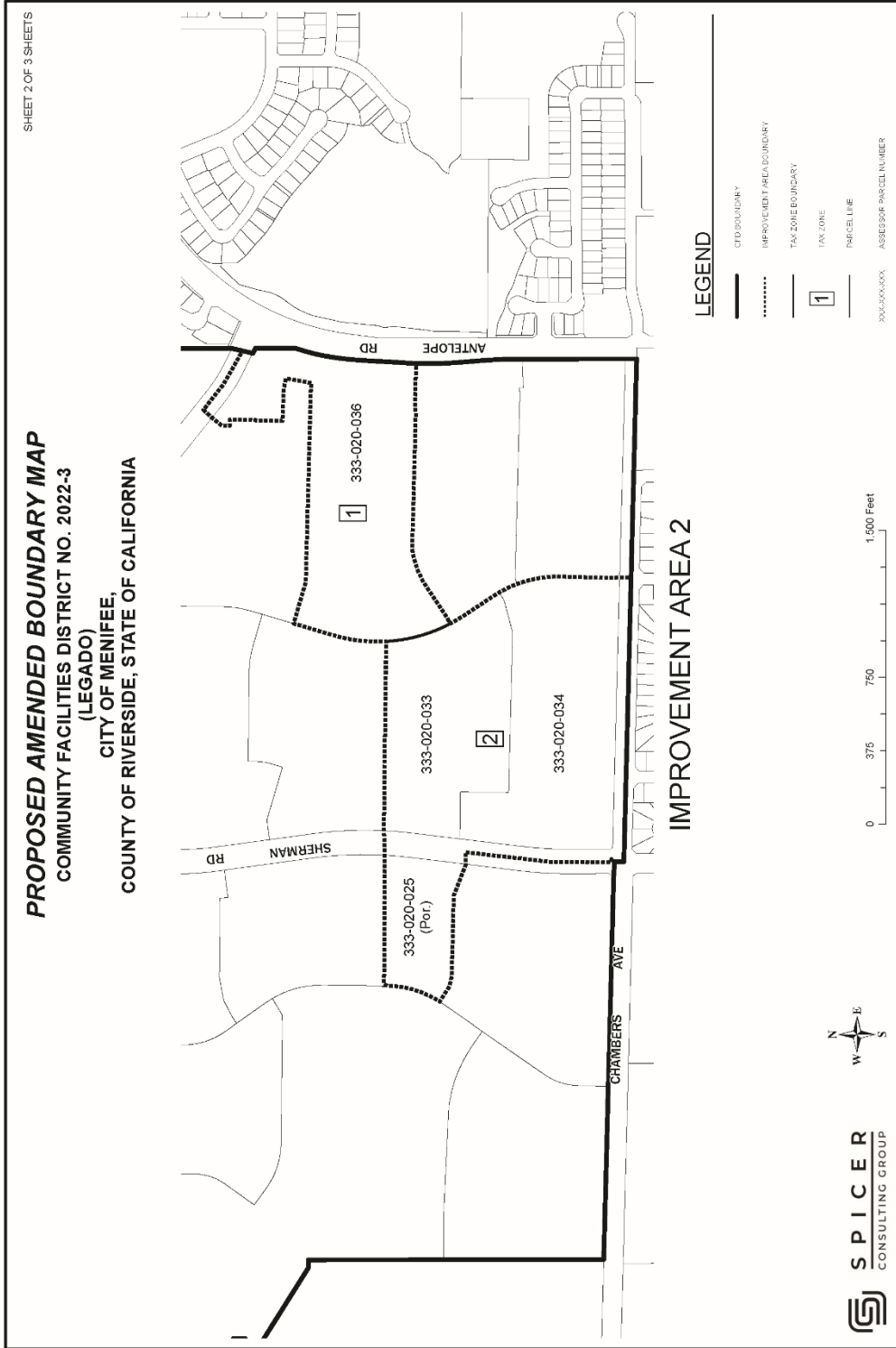
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF MENIFEE, THIS ____ DAY OF ____ 20____.

CITY CLERK
CITY OF MENIFEE

MENIFEE

RIVERSIDE COUNTY, CALIFORNIA

SPICER
CONSULTING GROUP



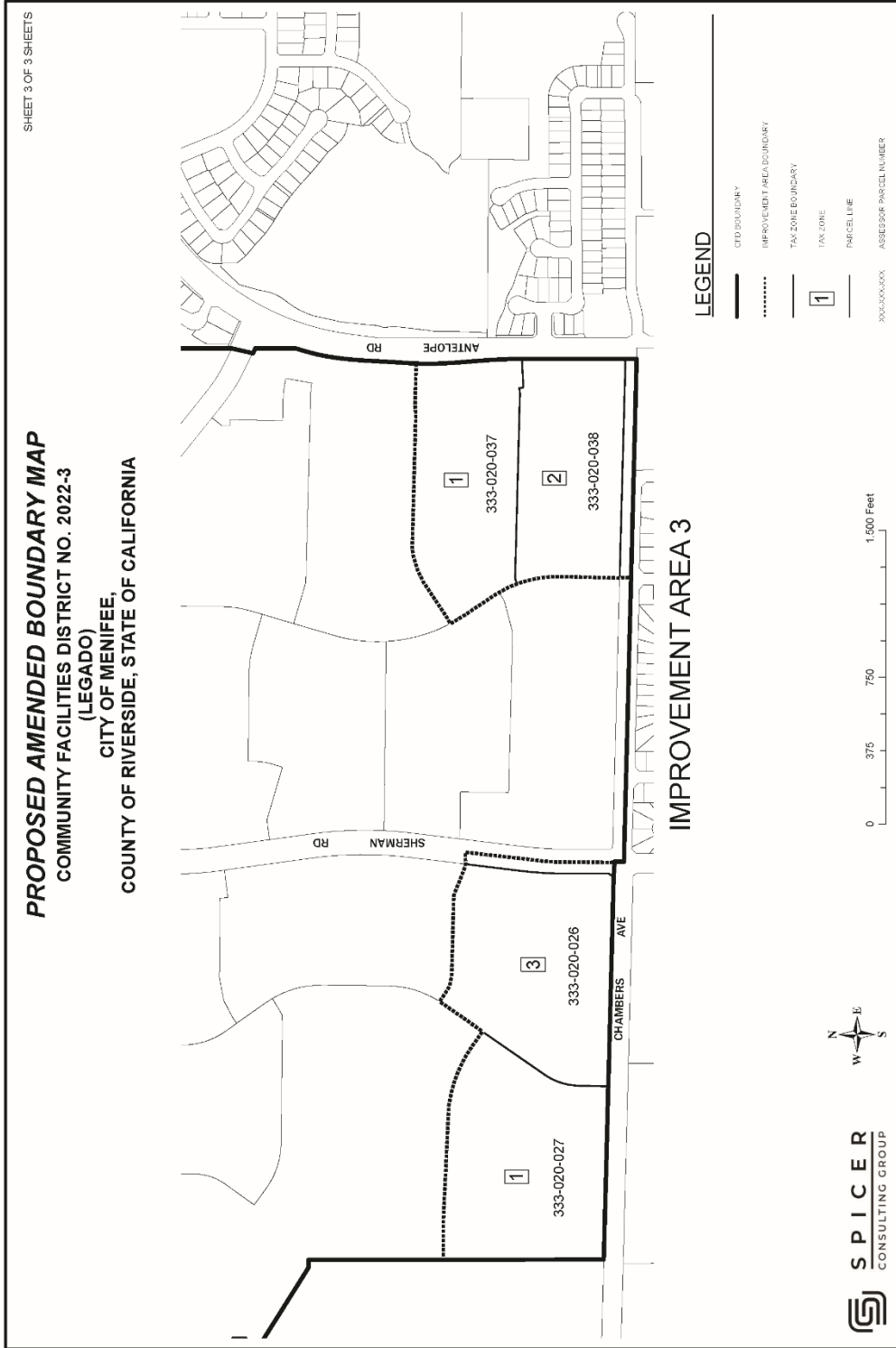


EXHIBIT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR COMMUNITY FACILITIES DISTRICT NO. 2022-3 (LEGADO) OF THE CITY OF MENIFEE (IMPROVEMENT AREA NO. 3)

A Special Tax (all capitalized terms are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of Improvement Area No. 3 of the City of Menifee Community Facilities District No. 2022-3 (Legado) ("CFD No. 2022-3 IA 3"). The amount of Special Tax to be levied in each Fiscal Year on an Assessor's Parcel shall be determined by the City Council of the City of Menifee, acting in its capacity as the legislative body of CFD No. 2022-3 IA 3, by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed for the purposes, to the extent and in the manner herein provided.

B. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" means a residential unit of limited size including a smaller second unit that shares an Assessor's Parcel as a Single-Family Residential Property with a stand-alone Residential Unit.

"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 or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of 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. 2022-3 IA 3: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-3 IA 3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-3 IA 3 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2022-3 IA 3 and any major property owner 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 City, CFD No. 2022-3 IA 3 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2022-3 IA 3 for any other administrative purposes of CFD No. 2022-3 IA 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Amended Boundary Map" means a recorded map of the CFD which indicates the boundaries of the CFD.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, (ii) and has an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a lot or parcel of land designated 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.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax" means the Special Tax of that name described in Section D below.

"Building Permit" means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may or may not include any subsequent building permit document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the first original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor's Parcel, provided that following such determination the Maximum Special Tax that may be levied in each Fiscal Year on all Assessor's Parcels of Taxable Property will be at least 1.1 times annual debt service on all outstanding CFD No. 2022-3 IA 3 Bonds plus the estimated annual Administrative Expenses for such Fiscal Year.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

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

"CFD" or "CFD No. 2022-3" means Community Facilities District No. 2022-3 (Legado) established by the City under the Act.

"CFD No. 2022-3 IA 3" means Improvement Area No. 3 of CFD No. 2022-3 as identified on the boundary map for CFD No. 2022-3.

"CFD No. 2022-3 IA 3 Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax of CFD No. 2022-3 IA 3 have been pledged.

"City" means the City of Menifee.

"City Council" means the City Council of the City of Menifee, acting as the Legislative Body of CFD No. 2022-3 IA 3.

"Condominium Plan" means a condominium plan as set forth in the California Civil Code, Section 4285.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have an Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) for which a Building Permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section F.

"Final Map" means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a Condominium Plan pursuant to California Civil Code Section 4285 that creates individual lots for which Building Permits may be issued without further subdivision.

"Fiscal Year" means the period commencing on July 1st of any year and ending the following June 30th.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2022-3 IA 3 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Category" means any of the categories listed in Table 1, Table 2, and Table 3 of Section D.

"Maximum Special Tax" means for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section D below, that can be levied by CFD No. 2022-3 IA 3 in any Fiscal Year on such Assessor's Parcel.

"Multifamily Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing a building or buildings comprised of attached Residential Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the CFD Administrator.

"Non-Residential Property" or **"NR"** means all Assessor's Parcels for which a building permit(s) was issued or will be issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel, as described in Section G.2.

"Prepayment Amount" means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel, as described in Section G.1.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Assessor's Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the

Maximum Special Tax is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property, or Provisional Undeveloped Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Assessor's Parcels of Undeveloped Property, or Provisional Undeveloped Property, as applicable.

"Provisional Undeveloped Property" means all Assessor's Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section F, but cannot be classified as Exempt Property because to do so would be reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Sections F.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more Residential Units.

"Residential Unit" or **"RU"** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator. An Accessory Dwelling Unit that shares an Assessor's Parcel with a Single-Family Residential Property shall not be considered a Residential Unit for purposes of this RMA.

"Single Family Residential Property" means all Assessor's Parcels of Residential Property other than Multifamily Property.

"Special Tax" means any of the special taxes authorized to be levied within CFD No. 2022-3 IA 3 pursuant to the Act to fund the Special Tax Requirement.

"Special Tax Requirement " means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding CFD No. 2022-3 IA 3 Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to replenish any reserve funds established in association with the CFD No. 2022-3 IA 3 Bonds, (v) an amount equal to any anticipated shortfall due to Special Tax delinquencies, (vi) for debt service on CFD No. 2022-3 IA 3 Bonds anticipated to be issued, and (vii) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2022-3 IA 3, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Steps Two or Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the CFD No. 2022-3 IA 3 Bonds pursuant to the Indenture.

"Tax Zone(s)" means the geographical area(s) within CFD No. 2022-3 IA 3 identified as Tax Zone 1, Tax Zone 2, or Tax Zone 3 as shown on the Amended Boundary Map.

"Tax Zone 1" means all property located within CFD No. 2022-3 IA 3 and identified on the Amended Boundary Map as Tax Zone 1.

"Tax Zone 2" means all property located within CFD No. 2022-3 IA 3 and identified on the Amended Boundary Map as Tax Zone 2.

"Tax Zone 3" means all property located within CFD No. 2022-3 IA 3 and identified on the Amended Boundary Map as Tax Zone 3.

"Taxable Property" means all Assessor's Parcels within CFD No. 2022-3 IA 3, which are not Exempt Property.

"Taxable Unit" means either a Residential Unit or an Acre.

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

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, Approved Property, Provisional Undeveloped Property.

B. SPECIAL TAX

Commencing Fiscal Year 2024-2025 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property, up to the applicable Maximum Special Tax, to fund the Special Tax Requirement.

C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor's Parcel within CFD No. 2022-3 IA 3 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property. In addition, each Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property shall be further classified as being within Tax Zone 1, Tax Zone 2, or Tax Zone 3.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as Single-Family Residential Property or Multifamily Property. Each Assessor's Parcel of Single-Family Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax rate.

In the event that an Assessor's Parcel for which one or more Building Permits have been issued and the County has not yet assigned final Assessor's Parcel Number(s) to the Residential Unit(s) (in accordance with the Final Map or Condominium Plan) on such Assessor's Parcel, the amount of the Special Tax levy on such Assessor's Parcel for each Fiscal Year shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax levy for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Assigned Special Tax rates for Developed Property and shall be taxed as Developed Property in accordance with Step 1 of Section E below; and (3) the amount of the Special Tax levy on the Acreage of Taxable Property in such Assessor's Parcel not subject to the Special Tax levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax rate levied on all other Undeveloped Property multiplied by the total of the amount determined in clause (1), less the amount determined in clause (2).

D. MAXIMUM SPECIAL TAX

4. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Single-Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax.

The Maximum Special Tax for each Assessor's Parcel of Non-Residential or Multifamily Residential Property shall be the applicable Assigned Special Tax described in Table 1, Table 2, and Table 3 of Section D.

b. Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Single-Family Residential Property, Multifamily Property or Non-Residential shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1, Table 2, and Table 3 below.

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
WITHIN TAX ZONE 1

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 1,400 sq. ft	\$2,692.56
2. Single Family Residential Property	RU	1,400 sq. ft to 1,600 sq. ft	\$2,925.60
3. Single Family Residential Property	RU	1,601 sq. ft to 1,800 sq. ft	\$2,975.54
4. Single Family Residential Property	RU	1,801 sq. ft to 2,000 sq. ft	\$2,992.19
5. Single Family Residential Property	RU	2,001 sq. ft to 2,200 sq. ft	\$3,086.87
6. Single Family Residential Property	RU	2,201 sq. ft to 2,400 sq. ft	\$3,214.84
7. Single Family Residential Property	RU	Greater than 2,400 sq. ft	\$3,265.82
8. Multifamily Property	Acre	N/A	\$25,106.00
9. Non-Residential Property	Acre	N/A	\$25,106.00

On each July 1, commencing July 1, 2025, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

TABLE 2
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
WITHIN TAX ZONE 2

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 1,900 sq. ft	\$2,841.33
2. Single Family Residential Property	RU	1,900 sq. ft to 2,100 sq. ft	\$3,013.00
3. Single Family Residential Property	RU	2,101 sq. ft to 2,300 sq. ft	\$3,073.34
4. Single Family Residential Property	RU	2,301 sq. ft to 2,500 sq. ft	\$3,179.46
5. Single Family Residential Property	RU	2,501 sq. ft to 2,700 sq. ft	\$3,234.60
6. Single Family Residential Property	RU	Greater than 2,700 sq. ft	\$3,324.08
7. Multifamily Property	Acre	N/A	\$24,428.00
8. Non-Residential Property	Acre	N/A	\$24,428.00

On each July 1, commencing July 1, 2025, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

TABLE 3
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
WITHIN TAX ZONE 3

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 2,100 sq. ft	\$2,962.02
2. Single Family Residential Property	RU	2,100 sq. ft to 2,400 sq. ft	\$3,111.84
3. Single Family Residential Property	RU	2,401 sq. ft to 2,700 sq. ft	\$3,243.97
4. Single Family Residential Property	RU	2,701 sq. ft to 3,000 sq. ft	\$3,273.10
5. Single Family Residential Property	RU	3,001 sq. ft to 3,300 sq. ft	\$3,336.56
6. Single Family Residential Property	RU	Greater than 3,300 sq. ft	\$3,624.75
7. Multifamily Property	Acre	N/A	\$21,349.00
8. Non-Residential Property	Acre	N/A	\$21,349.00

On each July 1, commencing July 1, 2025, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Multiple Land Use Categories

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax

When a Final Map is recorded, the Administrator shall determine which Tax Zone the Final Map area lies within and the Backup Special Tax for an Assessor's Parcel within the Final Map classified or to be classified as Single-Family Property shall be calculated according to the following formula.

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel within the Final Map

U = Maximum Special Tax per Acre of Undeveloped Property per Section D.3 below

A = Acreage of Single-Family Residential Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator

L = Number of Residential Units expected to exist in such Final Map at the time of calculation, as determined by the Administrator.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be determined by Table 4 below:

**TABLE 4
MAXIMUM SPECIAL TAX PER ACRE**

Tax Zone	Maximum Special Tax per Acre
1	\$25,106
2	\$24,428
3	\$21,349

In the event any superseding Final Map is recorded as a Final Map within the Boundaries of the CFD, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be on the rate per Acre shown in the table above. The Backup Special Tax shall not apply to Multifamily Residential Property, or Non-Residential Property.

On each July 1, commencing July 1, 2025, the Backup Special Tax rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

5. Approved Property

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Single-Family Property shall be the Backup Special Tax computed pursuant to Section D.1.c above.

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Multifamily Residential Property or Non-Residential Property shall be \$25,106 per Acre for Tax Zone 1, \$24,428 per Acre for Tax Zone 2, and \$21,349 per Acre for Tax Zone 3.

On each July 1, commencing July 1, 2025, the Maximum Special Tax rate for Approved Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

6. Undeveloped Property and Provisional Undeveloped Property that is not Exempt Property pursuant to the provisions of Section F

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property that is not Exempt Property shall be equal to the product of \$25,106 per Acre for Tax Zone 1, \$24,428 per Acre for Tax Zone 2, and \$21,349 per Acre for Tax Zone 3 multiplied by the Acreage of such Assessor's Parcel.

On each July 1, commencing July 1, 2025, the Maximum Special Tax rate for Undeveloped and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2024-2025 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property in accordance with the following steps:

- Step One: 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 rate to satisfy the Special Tax Requirement.
- Step Two: If additional moneys 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 Approved Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax levy on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the following order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by

the City Council, provided that no such classification would reduce the total Acreage of all Taxable Property to less than the amounts shown in Table 5 below.

**TABLE 5
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	23.86
2	10.03
3	12.49

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 5 per Tax Zone. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acres shown in Table 5 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section G:

“CFD Public Facilities” means \$17,500,000 expressed in 2024 dollars, which shall increase by the Construction Inflation Index on July 1, 2025, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2022-3 IA 3, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible to be financed by CFD No. 2022-3 IA 3.

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

“Future Facilities Costs” means the CFD Public Facilities minus (i) public facility costs previously funded from the Construction Fund, (ii) public facility costs available to be funded through existing construction or escrow accounts funded by the Outstanding Bonds, and (iii) public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Tax which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding CFD No. 2022-3 IA 3 Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax.

1. Prepayment in Full

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or

Undeveloped Property for which a Building Permit has been issued, (iii) Approved Property or Undeveloped Property for which a Building Permit has not been issued and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property, or Provisional Undeveloped Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax obligation applicable to an Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made 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 Maximum Special Tax obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

2. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property, Property Owner's Association Property, or Provisional Undeveloped Property to be prepaid compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").

8. Determine 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 on which Bonds can be redeemed from Special Tax prepayments.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (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. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy

for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied each Fiscal Year on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times annual debt service for such Fiscal Year on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP = Partial Prepayment Amount

P_E = the Prepayment Amount calculated according to Section G.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment Amount for the Assessor's Parcel. A Partial Prepayment Amount must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage $(1.00 - F)$ of the Maximum Special Tax obligation will continue to be levied on the Assessor's Parcel pursuant to Section E.

H. TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax. The Special Tax shall cease not later than the 2064-2065 Fiscal Year, however, Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all the required interest and principal payments on the CFD No. 2022-3 IA 3 Bonds have been paid; (ii) all authorized facilities of CFD No. 2022-3 IA 3 have been acquired and all reimbursements to the developer have been paid, (iii) no delinquent Special Tax remain uncollected and (iv) all other obligations of CFD No. 2022-3 IA 3 have been satisfied.

I. 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. 2022-3 IA 3 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.

J. APPEALS OF SPECIAL TAXES

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Assessor's Parcel(s). No refunds of previously paid Special Taxes shall be made.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.