

11) **Intention to Establish Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)**

1. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS), TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COSTS OF ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS; and
2. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000 WITHIN PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS).



## REPORT TO CITY COUNCIL

**To:** Honorable Mayor and Members of the City Council

**From:** Jason Simpson, City Manager

**Prepared by:** Jason Simpson, City Manager

**Date:** September 12, 2023

**Subject:** Intention to Establish Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)

### **Recommendation**

1. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS), TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COSTS OF ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS; and
2. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000 WITHIN PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS).

### **Background**

The property to be included within proposed Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) ("CFD No. 2023-2" or the "District") is located on the northwest corner of Mission Trail Road and Lemon Street (the "Property") (see the attached project map). Collectively, the Property is approximately 18 gross acres with plans to be entitled for 191 single family residential lots. The Property is currently owned by Vista Emerald, LLC (the "Property Owner").

The Property Owner has requested that the City form CFD No. 2023-2 to encompass the Property in accordance with the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance the costs of certain public improvements through the levy of a special tax and the issuance of bonds. The maximum amount of bonded indebtedness proposed is \$15 million.

The Property Owner has requested that the boundaries of CFD No. 2023-2 include the area described in Attachment A of the Resolution of Intention to Establish CFD No. 2023-2 presented at this meeting (the “Resolution of Intention”), and that special taxes be levied within the boundaries of the District in accordance with the Rate and Method of Apportionment (the “RMA”) described in Attachment C to the Resolution of Intention. The Resolution of Intention is the first step in the process of forming CFD No. 2023-2. The attached Resolutions declare the City’s intention to establish CFD No. 2023-2, its intention to incur bonded indebtedness by CFD No. 2023-2, and call for a public hearing. A public hearing on the matter will take place on October 24, 2023, and at that time the Council will formally consider the establishment of CFD No. 2023-2, and hold elections on the approval of the special taxes and the need to incur bonded indebtedness within CFD No. 2023-2.

### **Fiscal Impact**

The Property Owner has made a deposit to pay for the costs of the formation proceedings which may be reimbursed to the Property Owner in accordance with a reimbursement agreement with the Property Owner. If established and subject to necessary Council and voter approvals, CFD No. 2023-2 will annually levy special taxes on all of the taxable property within the District in accordance with the RMA (as attached to the Resolution of Intention). Such special taxes will be used to pay for the costs of facilities, debt service on bonds and administration of CFD No. 2023-2. Any bonds issued by CFD No. 2023-2 are not obligations of the City and will be secured solely by the Special Taxes levied within CFD No. 2023-2.

The RMA provides that the annual special tax rates will range from \$3,189 for home sizes less than 1,475 square feet to \$3,927 for home sizes greater than 1,925 square feet, which rates escalate at 2% per year.

### **Attachments**

Attachment 1- Resolution of Intention to Establish CFD 2023-2

Attachment 2- Resolution of Intention to Incur Debt

Attachment 3- Landowner Petition

Attachment 4- Project Map

Attachment 5- Reimbursement Agreement

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE  
CITY OF LAKE ELSINORE TO INCUR BONDED  
INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000  
WITHIN PROPOSED COMMUNITY FACILITIES DISTRICT NO.  
2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION  
TRAILS)**

**Whereas**, the City Council of the City of Lake Elsinore (the "City Council") upon receipt of a petition as provided in Section 53318 of the Government Code of the State of California instituted proceedings to form Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) ("Community Facilities District No. 2023-2" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), as amended, pursuant to Resolution No. 2023-\_\_\_\_ (the "Resolution of Intention to Establish") adopted by the City Council on the date hereof to finance (1) the purchase, construction, modification, expansion, improvement and/or rehabilitation of public facilities identified in Attachment "A" hereto and incorporated herein by this reference, including all furnishings, equipment and supplies related thereto (collectively, the "Facilities") and (2) the incidental expenses to be incurred in financing the Facilities and forming and administering the District (the "Incidental Expenses"); and,

**Whereas**, the City Council estimates that the amount required to finance the Facilities and Incidental Expenses is approximately \$15,000,000; and,

**Whereas**, in order to finance the Facilities and Incidental Expenses, the City Council intends to authorize the issuance of bonds in the maximum aggregate principal amount of \$15,000,000, the repayment of which is to be secured by special taxes levied in accordance with Section 53328 of the Act on all property in the proposed Community Facilities District No. 2023-2, other than those properties exempted from taxation in the rate and method of apportionment set forth in Attachment "C" to the Resolution of Intention to Establish.

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

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

**Section 2.** It is necessary to incur bonded indebtedness within the boundaries of proposed Community Facilities District No. 2023-2 in an amount not to exceed \$15,000,000 to finance the costs of the Facilities and Incidental Expenses, as permitted by the Act.

**Section 3.** The indebtedness will be incurred for the purpose of financing the costs of the Facilities and the Incidental Expenses, 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 which are permitted to be financed pursuant to the Act.

**Section 4.** It is the intent of the City Council to authorize the sale of bonds in one or more series, in the maximum aggregate principal amount of \$15,000,000 and at a maximum interest rate not in excess of 12 percent per annum, or a higher 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 acting in its capacity as the legislative body of the District authorizing the issuance of the bonds of such series, but such term shall in no event exceed 35 years from the date of issuance of the bonds of such series, or such longer term as is then permitted by law.

**Section 5.** A public hearing (the “Hearing”) on the proposed issuance of bonded indebtedness shall be held at 7:00 p.m. or as soon thereafter as practicable, on October 24, 2023, at the City Cultural Center, 183 North Main Street, Lake Elsinore, California.

**Section 6.** At the time and place set forth in this Resolution for the Hearing, any interested persons, including all persons owning land or registered to vote within proposed Community Facilities District No. 2023-2, may appear and be heard.

**Section 7.** 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 proposed Community Facilities District No. 2023-2. Such publication shall be completed at least seven days prior to the date of the Hearing. The City Clerk is further directed to mail a copy of the Notice to each of the landowners within the boundaries of proposed Community Facilities District No. 2023-2 at least 15 days prior to the Hearing.

**Passed and Adopted** on this 12<sup>th</sup> day of September, 2023.

\_\_\_\_\_  
Natasha Johnson, Mayor

**Attest:**

\_\_\_\_\_  
Candice Alvarez, MMC  
City Clerk

STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE    ) ss.  
CITY OF LAKE ELSINORE    )

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2023-\_\_\_\_\_ was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of September 12, 2023 and that the same was adopted by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Candice Alvarez, MMC  
City Clerk

## **ATTACHMENT A**

### **Types of Facilities To Be Financed By Community Facilities District No. 2023-2**

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

The construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) drainage, library, park, fire, roadway, traffic, administration and community center facilities, marina/lakeside and animal shelter facilities, and other public facilities of the City, including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Mello-Roos Community Facilities Act of 1982, as amended, (ii) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of the Elsinore Valley Municipal Water District which are included in Elsinore Valley Municipal Water District's water and sewer capacity and connection fee programs (the "Water District Facilities"), and (iii) interim and permanent school facilities of Lake Elsinore Unified School District, including classrooms, multi-purpose facilities, administration and auxiliary space at school facilities, athletic fields, playgrounds and recreational facilities and improvements thereto, landscaping, access roadways, drainage, sidewalks and gutters and utility lines, furniture, equipment and technology, including technology upgrades and mobile devices and infrastructure therefore, with a useful life of at least five (5) years at such school facilities (the "School Facilities" and together, with the City Facilities and the Water Facilities, the "Facilities"), and all appurtenances and appurtenant work in connection with the foregoing Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities, and to finance the incidental expenses to be incurred, including:

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

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for the District.

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE  
CITY OF LAKE ELSINORE TO ESTABLISH COMMUNITY  
FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE  
ELSinORE (COASTAL MISSION TRAILS), TO AUTHORIZE  
THE LEVY OF A SPECIAL TAX TO PAY THE COSTS OF  
ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES AND  
TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS**

**Whereas**, the City of Lake Elsinore (the “City”) received a petition signed by the owners of all of the land within the boundaries of the territory which is proposed for inclusion in a proposed community facilities district, which petition meets the requirements of Sections 53318 and 53319 of the Government Code of the State of California; and

**Whereas**, the City Council of the City (the “City Council”) desires to adopt this resolution of intention as provided in Section 53321 of the Government Code of the State of California to establish a community facilities district consisting of the territory described in Attachment “A” hereto and incorporated herein by this reference, which the City Council hereby determines shall be known as “Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)” (“Community Facilities District No. 2023-2” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”) to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of certain real or other tangible property described in Attachment “B” hereto and incorporated herein by this reference, including all furnishings, equipment and supplies related thereto (collectively, the “Facilities”), which Facilities have a useful life of five years or longer, and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”); and

**Whereas**, the City Council further intends to approve an estimate of the costs of the Facilities and the Incidental Expenses for Community Facilities District No. 2023-2; and

**Whereas**, it is the intention of the City Council to consider financing the Facilities and the Incidental Expenses through the formation of Community Facilities District No. 2023-2 and the issuance of bonded indebtedness in an amount not to exceed \$15,000,000 with respect to the Facilities and the Incidental Expenses and the levy of a special tax to pay for the Facilities and the Incidental Expenses (the “Special Tax”) and to pay debt service on the bonded indebtedness, provided that the bond sale and such Special Tax levy are approved at an election to be held within the boundaries of Community Facilities District No. 2023-2;

**Whereas**, the City desires to enter into a reimbursement agreement with Vista Emerald, LLC, a California limited liability company (the “Developer”), the form of which is on file with the City Clerk (the “Reimbursement Agreement”), to provide for the reimbursement of certain amounts advanced by the Developer in connection with the formation of the District;

**Whereas**, the District and the Developer propose to enter into joint community facilities agreements (the “JCFAs”) with each of Elsinore Valley Municipal Water District (the “Water District”) and Lake Elsinore Unified School District (the “School District”) relating to certain facilities proposed to be financed by the District and owned and operated by the Water District



and the School District, as applicable, and the District expects to enter into the JCFA's prior to the approval of the issuance of bonds pursuant to the Act;

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

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

**Section 2.** A community facilities district is proposed to be established under the terms of the Act. It is further proposed that the boundaries of the community facilities district shall be the legal boundaries as described in Attachment "A" hereto, which boundaries shall, upon recordation of the boundary map for the District, include the entirety of any parcel subject to taxation by the District, and as depicted on the map of the proposed Community Facilities District No. 2023-2 which is on file with the City Clerk. The City Clerk is hereby directed to sign the original map of the District and record it with all proper endorsements thereon with the Assessor-County Clerk-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 3.** The name of the proposed community facilities district shall be "Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)."

**Section 4.** The Facilities proposed to be provided within Community Facilities District No. 2023-2 are public facilities as defined in the Act, which the City, the Water District, with respect to certain water and sewer facilities, and the School District, with respect to certain school facilities, are authorized by law to construct, acquire, own and operate. The City Council hereby finds and determines that the description of the Facilities herein is sufficiently informative to allow taxpayers within the proposed District to understand what the funds of the District may be used to finance. The Incidental Expenses expected to be incurred include the cost of planning and designing the Facilities, the costs of forming the District, issuing bonds and levying and collecting the Special Tax within the proposed District. The Facilities may be acquired from one or more of the property owners within the District as completed public improvements or may be constructed from bond or Special Tax proceeds.

All or a portion of the Facilities may be purchased with District funds as completed public facilities pursuant to Section 53314.9 or as discrete portions or phases pursuant to Section 53313.51 of the Act and/or constructed with District funds pursuant to Section 53316.2 of the Act. Any portion of the Facilities may be financed through a lease or lease-purchase arrangement if the District hereafter determines that such arrangement is of benefit to the District.

**Section 5.** 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 the Special Tax, secured by recordation of a continuing lien against all nonexempt real property in the District, sufficient to pay for: (i) the Facilities and Incidental Expenses; and (ii) the principal and interest and other periodic costs on bonds or other indebtedness issued 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 which 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 Attachment "C" attached hereto, which Attachment "C" is incorporated

herein by this reference. Attachment “C” allows each landowner within the District 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 which 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 Attachment “C” hereto, (ii) such Special Tax not shall be levied after fiscal year 2069-70, as described in Attachment “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 the District 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 Community Facilities District No. 2023-2 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 Attachment “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 Community Facilities District No. 2023-2 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax specified on Attachment “C,” the City Council shall, on behalf of Community Facilities District No. 2023-2, cause the levy to be increased, subject to the limitation of the maximum Special Tax for a parcel as set forth in Attachment “C,” to the extent necessary upon the remaining property within proposed Community Facilities District No. 2023-2 which is not exempt in order to yield the Special Tax revenues required for the purposes described in this Section 5. The obligation to pay the Special Tax may be prepaid only as set forth in Section G of Attachment “C” hereto.

**Section 6.** A public hearing (the “Hearing”) on the establishment of the proposed Community Facilities District No. 2023-2, the proposed rate and method of apportionment of the Special Tax and the proposed issuance of bonds to finance the Facilities and the Incidental Expenses shall be held at 7:00 p.m., or as soon thereafter as practicable, on October 24, 2023, at the City Cultural Center, 183 North Main Street, Lake Elsinore, California. Should the City Council determine to form the District, a special election will be held to authorize the issuance of the bonds and the levy of the special tax in accordance with the procedures contained in Government Code Section 53326. If held, the proposed voting procedure at the election will be a landowner vote with each landowner who is the owner of record of land within the District at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the proposed District. Ballots for the special election may be distributed by mail or by personal service.

**Section 7.** At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the proposed Community Facilities District No. 2023-2 shall be established and as to the method of apportionment of the special tax and shall consider:

(a) if an ad valorem property tax is currently being levied on property within proposed Community Facilities District No. 2023-2 for the exclusive purpose of paying principal of or interest on bonds, lease payments or other indebtedness incurred to finance construction of capital facilities; and

(b) if the capital facilities to be financed and constructed by Community Facilities District No. 2023-2 will provide the same services as were provided by the capital facilities mentioned in subsection (a); and

(c) if the City Council makes the findings specified in subsections (a) and (b) above, it will consider appropriate action to determine whether the total annual amount of ad valorem property tax revenue due from parcels within Community Facilities District No. 2023-2, for purposes of paying principal and interest on the debt identified in subsection (a) above, shall not be increased after the date on which Community Facilities District No. 2023-2 is established, or after a later date determined by the City Council with the concurrence of the legislative body which levied the property tax in question.

**Section 8.** At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within proposed Community Facilities District No. 2023-2, may appear and be heard.

**Section 9.** Each City officer who is or will be responsible for providing the Facilities within proposed Community Facilities District No. 2023-2, if it is established, is hereby directed to study the proposed District and, at or before the time of the above-mentioned Hearing, file a report with the City Council containing a brief description of the public facilities by type which will in his or her opinion be required to meet adequately the needs of Community Facilities District No. 2023-2 and an estimate of the cost of providing those public facilities, including the cost of environmental evaluations of such facilities and an estimate of the fair and reasonable cost of any Incidental Expenses to be incurred.

**Section 10.** The District may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred in creating Community Facilities District No. 2023-2. The District may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

**Section 11.** 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 proposed Community Facilities District No. 2023-2. The City Clerk is further directed to mail a copy of the Notice to each of the landowners within the boundaries of the District at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the proposed district 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 12.** The reasonably expected maximum principal amount of the bonded indebtedness to be incurred by the District for the Facilities and Incidental Expenses is Fifteen Million Dollars (\$15,000,000).

**Section 13.** The form of the Reimbursement Agreement is hereby approved. The Mayor, the City Manager, the Assistant City Manager, or their written designees are hereby authorized and directed to execute and deliver the Reimbursement Agreement in the form on file with the City Clerk with such changes, insertions and omissions as may be approved by the officer or officers executing such agreement, said execution being conclusive evidence of such approval.

**Section 14.** Except to the extent limited in any bond resolution or trust indenture related to the issuance of bonds, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

**Section 15.** This Resolution shall be effective upon its adoption.

**Passed and Adopted** on this 12<sup>th</sup> day of September, 2023.

\_\_\_\_\_  
Natasha Johnson, Mayor

**Attest:**

\_\_\_\_\_  
Candice Alvarez, MMC  
City Clerk

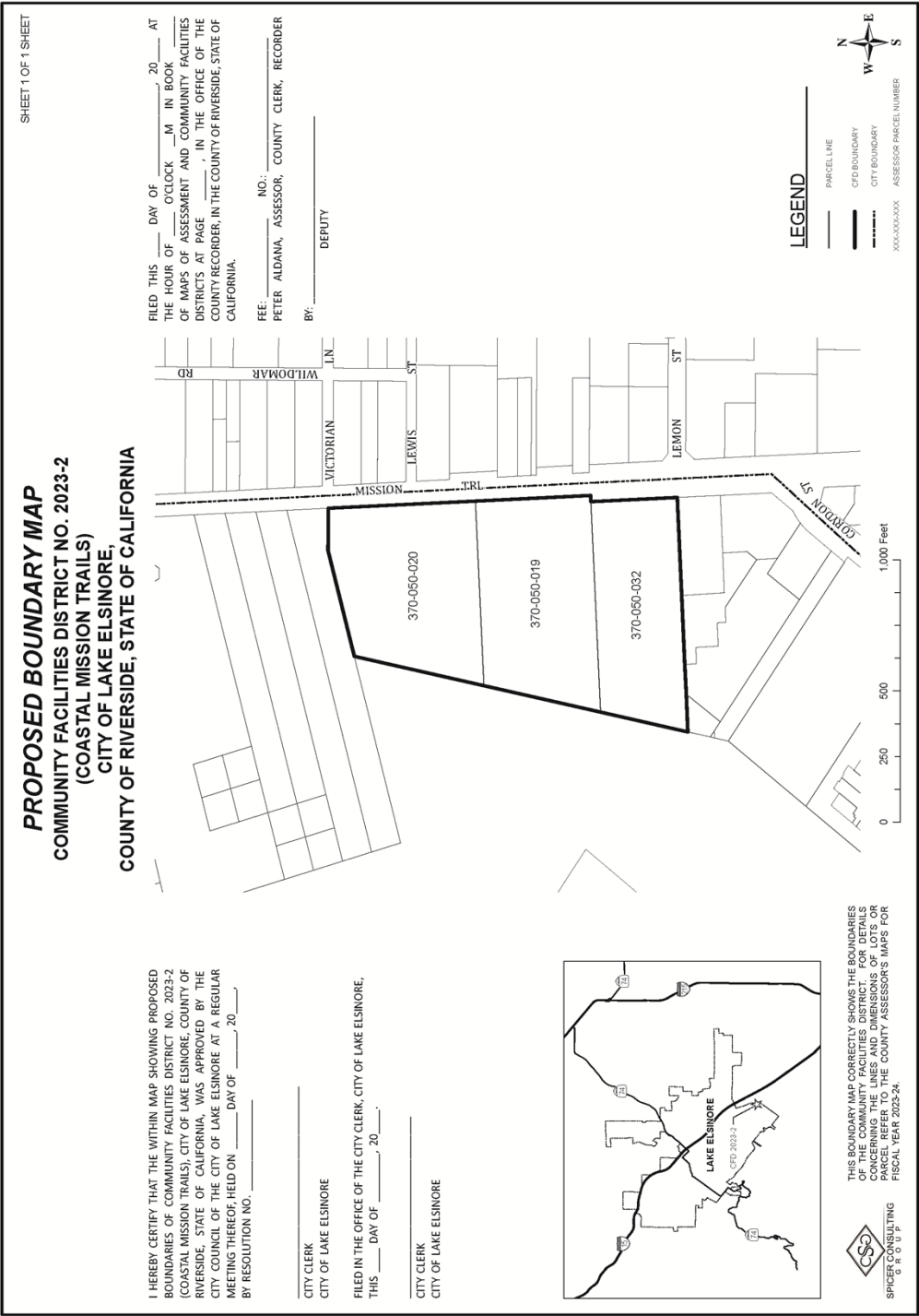
STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE    ) ss.  
CITY OF LAKE ELSINORE    )

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, California, do hereby certify that Resolution No. 2023-\_\_\_\_\_ was adopted by the City Council of the City of Lake Elsinore, California, at the Regular meeting of September 12, 2023 and that the same was adopted by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Candice Alvarez, MMC  
City Clerk

ATTACHMENT A  
BOUNDARY MAP



## **ATTACHMENT B**

### **Types of Facilities to Be Financed by Community Facilities District No. 2023-2 of the City of Lake Elsinore**

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

The construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) drainage, library, park, fire, roadway, traffic, administration and community center facilities, marina/lakeside and animal shelter facilities, and other public facilities of the City, including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Mello-Roos Community Facilities Act of 1982, as amended, (ii) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of the Elsinore Valley Municipal Water District which are included in Elsinore Valley Municipal Water District's water and sewer capacity and connection fee programs (the "Water District Facilities"), and (iii) interim and permanent school facilities of Lake Elsinore Unified School District, including classrooms, multi-purpose facilities, administration and auxiliary space at school facilities, athletic fields, playgrounds and recreational facilities and improvements thereto, landscaping, access roadways, drainage, sidewalks and gutters and utility lines, furniture, equipment and technology, including technology upgrades and mobile devices and infrastructure therefore, with a useful life of at least five (5) years at such school facilities (the "School Facilities" and together, with the City Facilities and the Water Facilities, the "Facilities"), and all appurtenances and appurtenant work in connection with the foregoing Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities, and to finance the incidental expenses to be incurred, including:

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

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for the District.

## ATTACHMENT C

### RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS)

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 the City of Lake Elsinore Community Facilities District No. 2023-2 (Coastal Mission Trails) ("CFD No. 2023-2"). 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 Lake Elsinore, acting in its capacity as the legislative body of CFD No. 2023-2, 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 Communities 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. 2023-2: 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. 2023-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2023-2 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2023-2 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2023-2 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. 2023-2 for any other administrative purposes



of CFD No. 2023-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"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 1<sup>st</sup> 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 1<sup>st</sup> 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.

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

**"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. 2023-2 have been pledged.

**"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 on all Assessor's Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

**"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" or "CFD No. 2023-2"** means Community Facilities District No. 2023-2 (Coastal Mission Trails) established by the City under the Act.

**“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.

**“City”** means the City of Lake Elsinore.

**"City Council"** means the City Council of the City of Lake Elsinore, acting as the Legislative Body of CFD No. 2023-2.

**“Condominium Plan”** means a condominium plan as set forth in the California Civil Code, Section 6624.

**"County"** means the County of Riverside.

**"Developed Property"** means all Assessor's Parcels that: (i) are included in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) has 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) a Building Permit for new construction was issued on or before May 1<sup>st</sup> 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 6624 that creates individual lots for which Building Permits may be issued without further subdivision.

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

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

**“Land Use Category”** means any of the categories listed in Table 1 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. 2023-2 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 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" or "Special Taxes"** means any of the special taxes authorized to be levied within CFD No. 2023-2 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 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 Bonds, (v) an amount equal to any anticipated shortfall due to Special Tax delinquencies, and (vi) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2023-2 or the payment of debt services on Bonds anticipated to be issued, 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 Bonds pursuant to the Indenture.

**"Taxable Property"** means all Assessor's Parcels within CFD No. 2023-2, which are not Exempt Property.

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

**"Tract(s)"** means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

**“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 2023-2024 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 2023-2024, each Assessor's Parcel within CFD No. 2023-2 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.

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 a 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 Developed Property Special Tax rates 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 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 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 below.

**TABLE 1  
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY  
FISCAL YEAR 2023-2024**

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax Per Taxable Unit</b>
1. Single Family Residential Property	RU	Less than 1,475 sq. ft	\$3,189.00
2. Single Family Residential Property	RU	1,475 sq. ft to 1,625 sq. ft	\$3,338.00
3. Single Family Residential Property	RU	1,626 sq. ft to 1,775 sq. ft	\$3,432.00
4. Single Family Residential Property	RU	1,776 sq. ft to 1,925 sq. ft	\$3,619.00
5. Single Family Residential Property	RU	Greater than 1,925 sq. ft	\$3,927.00
6. Multifamily Property	Acre	N/A	\$70,068.00
7. Non-Residential Property	Acre	N/A	\$70,068.00

On each July 1, commencing July 1, 2024, 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 Type. 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

The Backup Special Tax for an Assessor's Parcel within a Final Map classified as Single Family Residential Property shall be \$3,892 per Residential Unit.

Notwithstanding the foregoing, if all or any portion of the applicable Final Maps and/or condominium plan contained within the boundaries of CFD No. 2023-2 is subsequently changed or modified, then the Backup Special Tax for Single Family Residential Property or Approved Property in such Final Map or condominium plan area that is changed or modified shall be recalculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map or condominium plan area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total number of Residential Units constructed and/or anticipated to be constructed within such changed or modified Final Map or condominium plan area, as reasonably determined by the CFD Administrator.

The result of paragraph 2 is the Backup Special Tax per Residential Unit which shall be applicable to Assessor's Parcels of Single Family Residential Property or Approved Property in such changed or modified Final Map or condominium plan area contained within the boundaries of CFD No. 2023-2.

Notwithstanding the foregoing, the Backup Special Tax for an Assessor's Parcel of Developed Property for which a certificate of occupancy has been granted may not be revised.

On each July 1, commencing July 1, 2024, 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 \$70,068 per Acre.

On each July 1, commencing July 1, 2024, 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**

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 \$70,068 multiplied by the Acreage of such Assessor's Parcel.

On each July 1, commencing July 1, 2024, 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 2023-2024 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 rates in Table 1 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 sum of all Taxable Property to less than 10.61 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 10.61 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 10.61 Acres 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 \$10,500,000 expressed in 2023 dollars, which shall increase by the Construction Inflation Index on July 1, 2024, 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. 2023-2, 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 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. 2023-2.

**“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 public facility costs available to be funded through existing construction or escrow accounts funded by the Outstanding Bonds, and minus 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 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 on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service 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<sub>E</sub> = 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

2070-71 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. 2023-2 Bonds have been paid; (ii) all authorized facilities of CFD No. 2023-2 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. 2023-2 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. 2023-2 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 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.

PETITION TO THE CITY COUNCIL OF THE CITY OF LAKE  
ELSINORE REQUESTING INSTITUTION OF PROCEEDINGS  
FOR ESTABLISHMENT OF A COMMUNITY FACILITIES  
DISTRICT (COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF  
THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS))

1. The undersigned (the "Owner") owns all of the land depicted and described in Exhibit A hereto (the "Property"), which land is expected to be all of the land included within the boundaries of a community facilities district hereby proposed to be established. The Property is located within the City of Lake Elsinore (the "City") in the County of Riverside.

2. The Owner requests that the City Council of the City (the "City Council") institute proceedings to establish a community facilities district to be known as "Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)" (referred to herein as the "District") pursuant to Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code of the State of California, commonly known as the "Mello-Roos Community Facilities Act of 1982" (the "Act") to include all of the Property.

3. The boundaries of the territory which is proposed for inclusion in the District are those described and depicted in Exhibit A hereto.

4. The Owner requests that the proposed District be used to finance the construction, purchase, modification, expansion and/or improvement of (i) drainage, library, park, fire, roadway, traffic, administration and community center facilities, marina/lakeside and animal shelter facilities, and other public facilities of the City, including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Act (ii) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of the Elsinore Valley Municipal Water District which are included in Elsinore Valley Municipal Water District's water and sewer capacity and connection fee programs (the "Water District Facilities"), and (iii) interim and permanent school facilities of Lake Elsinore Unified School District, including classrooms, multi-purpose facilities, administration and auxiliary space at school facilities, athletic fields, playgrounds and recreational facilities and improvements thereto, landscaping, access roadways, drainage, sidewalks and gutters and utility lines, furniture, equipment and technology, including technology upgrades and mobile devices and infrastructure therefore, with a useful life of at least five (5) years at such school facilities (the "School Facilities" and together, with the City Facilities and the Water Facilities, the "Facilities"), and all appurtenances and appurtenant work in connection with the foregoing Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities, and to finance the incidental expenses to be incurred, including:

a. The cost of engineering, planning and designing the Facilities;

b. All costs, including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and

c. Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

5. The Owner further requests that the City Council authorize the levy of special taxes in the District to pay the costs of the Facilities and the incidental costs described in paragraph 4 above (the "Special Tax") and to pay principal of, interest and premium, if any, on the bonds in order to contribute to the financing of the Facilities and costs described in paragraph 4 above.

6. The Owner further requests that, upon the sale of bonds, the City Council, as legislative body of the District, annually levy Special Taxes on the property within the District for the construction, acquisition and rehabilitation of the Facilities, for the payment of the aggregate amount of principal of and interest owing on the bonds in each fiscal year, including the maintenance of reserves therefor, and for the payment of administrative expenses of the District.

7. The Owner has advanced to the City the amounts necessary to pay for the costs related to the formation of the District, which amounts will be reimbursed, without interest, from the proceeds of the first sale of the bonds, if any. The reimbursement of such amounts is expected to be governed by the terms of that certain Reimbursement Agreement to be entered into by and between the City and the Owner relating to the District. If bonds are not sold, the City will have no obligation to reimburse amounts expended for costs incurred, but will reimburse any unexpended amounts advanced by the Owner as set forth in the Reimbursement Agreement.

8. This petition may be executed in counterparts.

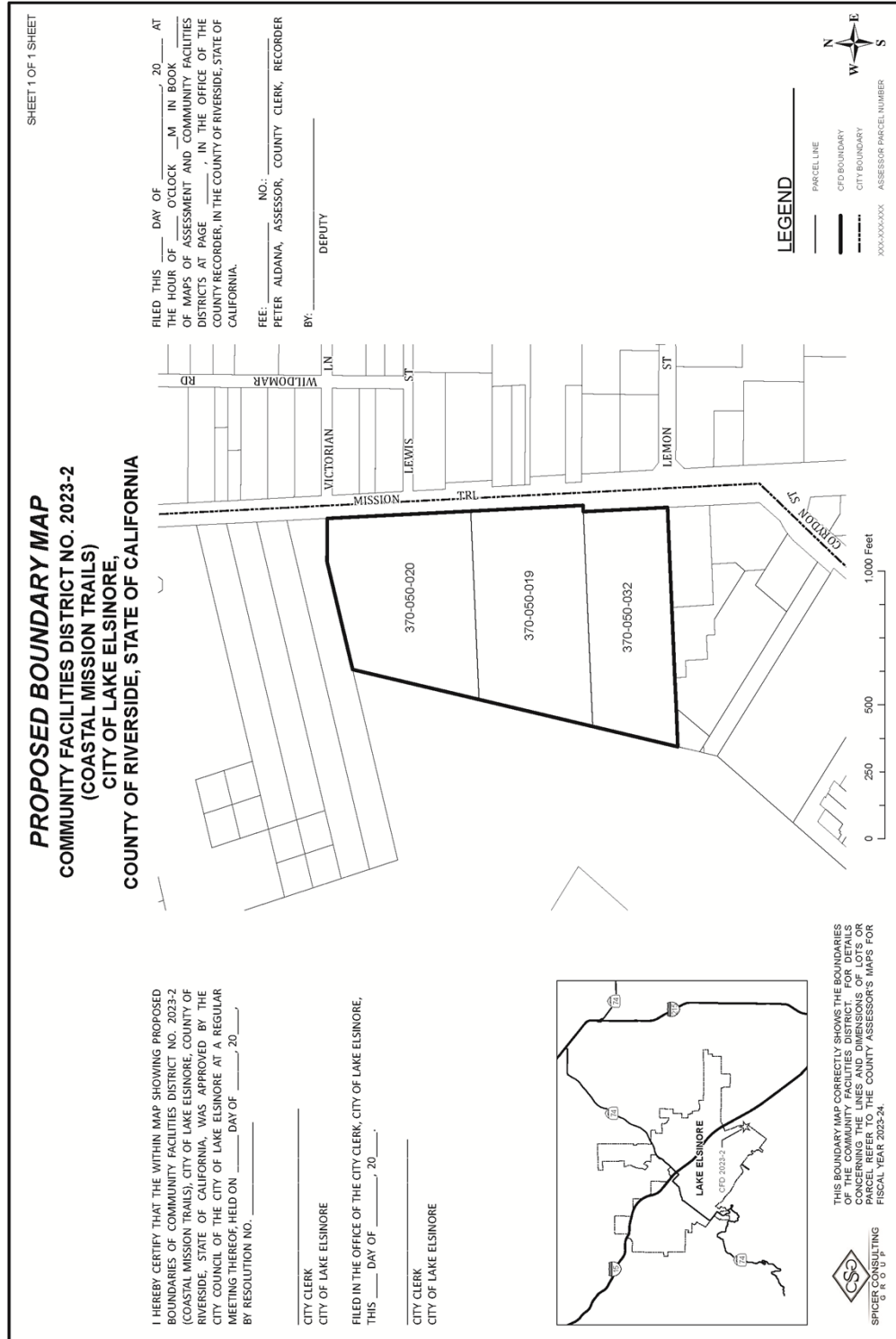
Dated: September \_\_, 2023

VISTA EMERALD, LLC., a California limited liability company

By: \_\_\_\_\_  
Erin Crowder, Manager Member

EXHIBIT A

BOUNDARY MAP AND LEGAL DESCRIPTION



Real property in the City of Lake Elsinore, County of Riverside, State of California, described as follows:

Riverside County Assessor Parcel Nos.:

370-050-019

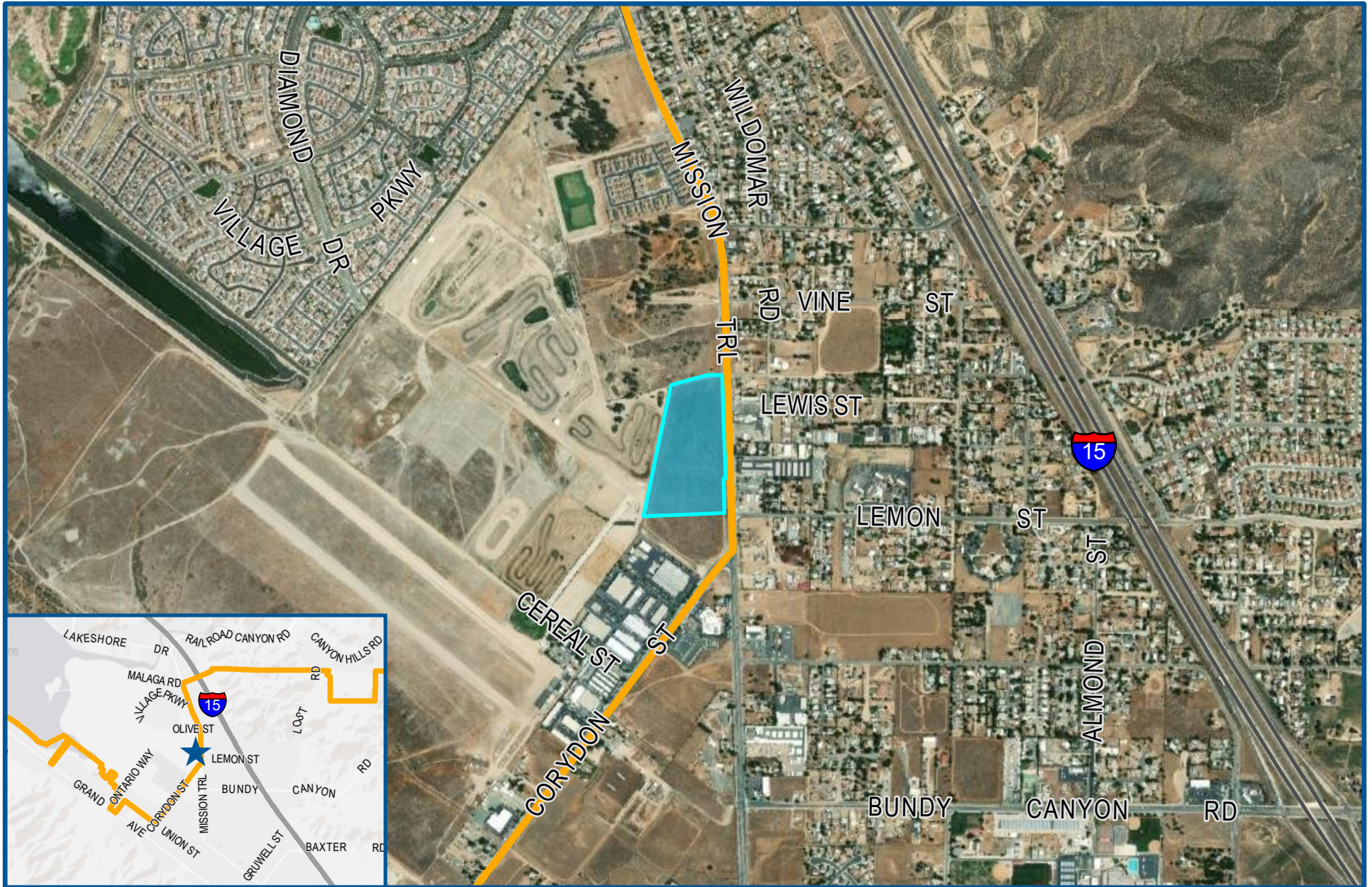
370-050-020

370-050-032



# PROJECT MAP

## CFD NO. 2023-2 (COASTAL MISSION TRAILS)



**REIMBURSEMENT AGREEMENT  
RE PROPOSED  
COMMUNITY FACILITIES DISTRICT NO. 2023-2  
OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS)**

THIS REIMBURSEMENT AGREEMENT RE PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) (the "Agreement") dated as of September 1, 2023, is entered into by and between the City of Lake Elsinore, a general law city organized and existing under the laws and constitution of the State of California (the "City"), and Vista Emerald, LLC, a California limited liability company (the "Owner").

***RECITALS:***

A. The Owner owns approximately 18.1 acres of land described in Exhibit A attached hereto (the "Property") for which the Owner desires to include within proposed Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "District") to be established by the City pursuant to the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 *et seq.*) (the "Act").

B. The City and the Owner are desirous of entering into this Agreement in order to provide a mechanism by which the Owner may advance certain costs related to the cost of formation of the District, and to provide that such District, if formed, will reimburse the Owner for the amounts advanced hereunder.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows:

1. Recitals. Each of the above recitals is incorporated herein and is true and correct.

2. Potential Formation of the District and Issuance of Bonds.

(a) At the request of the Owner, the City will undertake to form the District. The City will retain, at the Owner's expense, the necessary consultants to analyze the proposed formation of the District and issuance of bonds, including an engineer, special tax consultant, financial advisor, bond counsel, market absorption consultant, appraiser and other consultants deemed necessary by the City. In addition, City staff time spent in connection with the formation of the District and the issuance of bonds shall be at Owner's expense.

(b) In order to begin the process of analyzing the potential formation of the District, the Owner has advanced to the City a sum totaling \$50,000. From time to time, the Owner shall make additional advances to the City within 15 days following receipt from the City of a request for an additional advance to cover the costs of forming the District and/or issuing bonds. In the event the Owner does not deliver the requested amount to the City within such 15-day period, the City will have no obligation to proceed with the analysis or bond issue unless and until such additional advance is received. The Owner shall have the right to notify the City at any time, in writing, of its intention to abandon the formation of the District or the issuance of



bonds. Upon receipt of such notice, the City shall instruct its consultants to cease work as soon as practicable. The Owner shall be responsible to pay all costs and expenses incurred by the City or any City consultant or advisor prior to the date on which the City's consultants are notified of the Owner's notice of abandonment. Notwithstanding a decision of the Owner to abandon the formation of the District or the issuance of bonds, the City may, in its sole discretion, elect to proceed with formation of the District and/or the issuance of bonds with funds other than those of the Owner; provided, however, that, in executing this Agreement, the Owner shall not be deemed to have waived their right to object to the formation of the District or the issuance of bonds.

(c) The City will provide to the Owner on request a summary of how the advances have been spent and the unexpended balance remaining. The amounts advanced by the Owner will be reimbursable to the Owner, without interest, from the proceeds of bonds issued by the District when and if the District is formed. In the event that bonds are not issued to provide a source of reimbursement to the Owner, the City shall have no liability to the Owner to reimburse them for any of amounts previously advanced by the Owner and expended by the City in accordance with this Agreement.

3. Reimbursement Procedure. The City shall return any funds which have been advanced by the Owner which are not expended on the purposes set forth in Section 2 above. Such returned funds shall be without interest.

4. Abandonment of CFD Formation Process. The Owner understands that any formation of the District shall be in the sole discretion of the City. No provision of this Agreement shall be construed as a promise, warranty or agreement by the City to form the District, to annex the Property to any other district or improvement area of the City or to issue any bonds. The City shall have no liability to Owner for its decision not to form the District or issue bonds.

5. Indemnification and Hold Harmless. The Owner hereby assumes the defense of, and indemnifies and saves harmless, jointly and severally, the City and each of its officers, directors, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subjected or put, by reason of, or arising out of any acts or omissions taken by the Owner or any of the Owner's officers, employees, contractors and agents with respect to the formation of the District.

6. Notices. Any notice to be provided pursuant to this Agreement shall be delivered to the following addresses:

Owner	Vista Emerald, LLC 1020 2nd Street Encinitas, CA 92024 Attention: Brett Crowder Telephone: (949) 632-3122 Email: brett@coastalcomproperty.com
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City:	City of Lake Elsinore 130 South Main Street Lake Elsinore, CA 92530
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Attn: City Manager  
Telephone: (951) 674-3124  
Email: jsimpson@lake-elsinore.org

With a copy to: Stradling Yocca Carlson & Rauth  
660 Newport Center Drive, Suite 1600  
Newport Beach, CA 92660  
Attention: Brian Forbath, Esq.  
Telephone: (949) 725-4193  
Email: bforbath@stradlinglaw.com

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other party.

7. Assignment. The Owner may assign its interest in this Agreement at any time provided, however, that the Owner shall provide written evidence of any assignment to the City.

8. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent permitted by law.

9. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided for herein.

10. Amendments. This Agreement may be amended or modified only by written instrument signed by all parties.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

12. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California.

13. No Third Party Beneficiaries. No person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this Agreement (either express or implied) is intended to confer upon any person or entity, other than the City and the Owner, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14. Singular and Plural; Gender. As used herein, the singular of any word includes the plural, and terms in the masculine gender shall include the feminine.

15. Termination. This Agreement shall terminate and be of no further force and effect on December 1, 2028 unless expressly amended by the parties; provided, however, that the Owner's obligations under Section 5 shall survive the termination and the City's obligation to provide reimbursement in accordance with Section 3 for expenses incurred prior to the termination date shall also survive termination.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

CITY OF LAKE ELSINORE, a political subdivision  
of the State of California

By: \_\_\_\_\_  
City Manager

ATTEST:

By: \_\_\_\_\_  
Candice Alvarez, City Clerk

VISTA EMERALD, LLC., a California limited  
liability company

By: \_\_\_\_\_  
Erin Crowder, Manager Member

APPROVED AS TO FORM:

CITY ATTORNEY

By: \_\_\_\_\_  
Barbara Z. Leibold, City Attorney

**EXHIBIT A**  
**DESCRIPTION OF PROPERTY**

Real property in the City of Lake Elsinore, County of Riverside, State of California, described as follows:

Riverside County Assessor Parcel Nos.:

370-050-019

370-050-020

370-050-032