

23) **Establishment of Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)**

1. Adopt A RESOLUTION 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), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN, CALLING AN ELECTION AND APPROVING AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO;
2. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000 WITHIN COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AND CALLING AN ELECTION THEREIN;
3. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) CERTIFYING ELECTION RESULTS; and
4. Introduce by title only and waive further reading of AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AUTHORIZING THE LEVY OF SPECIAL TAXES.



## REPORT TO CITY COUNCIL

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

**From:** Jason Simpson, City Manager

**Prepared by:** Shannon Buckley, Assistant City Manager

**Date:** December 12, 2023

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

### **Recommendation**

1. Adopt A RESOLUTION 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), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN, CALLING AN ELECTION AND APPROVING AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO;
2. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000 WITHIN COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AND CALLING AN ELECTION THEREIN;
3. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) CERTIFYING ELECTION RESULTS; and
4. Introduce by title only and waive further reading of AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AUTHORIZING THE LEVY OF SPECIAL TAXES.

## **Background/Discussion**

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 a Community Facilities District ("CFD" or "District") on such property to finance the costs of certain public improvements through the levy of a special tax and the issuance of bonds in an amount not to exceed \$15 million.

The Property Owner has requested that: (1) the area shown in Attachment A of Resolution No. 2023-78 adopted by the City Council on September 12, 2023 (the "Resolution of Intention") be the boundaries of the District, and (2) special taxes be levied within the District in accordance with the rate and method of apportionment of special taxes as described in Attachment C to the Resolution of Intention. Such rate and method of apportionment of special taxes are referred to herein as the "RMA."

The Resolution of Intention called for a public hearing to be held on October 24, 2023. On October 24, 2023, the City Council continued the public hearing to November 14, 2023 and on November 14, 2023, the City Council further continued the public hearing to December 12, 2023. The purpose of the public hearing is for the City Council to formally consider the approval of the formation of the District and the approval of the levy of the special taxes within the District. Notice of the public hearing was published in the Press Enterprise and mailed to the property owner in accordance with the Mello-Roos Act.

In connection with the public hearing, Spicer Consulting Group has prepared a CFD Public Hearing Report which describes and analyzes the facilities to be financed by the District and the estimated costs of such facilities. Following the close of the public hearing, the City Council will be asked to adopt the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt which, together, approves the formation of the District, the levy of the special taxes in the District in accordance with the RMA and determines the necessity for the District to issue bonds in an amount not to exceed \$15,000,000 for the District. Such resolutions call for an election to submit to the qualified voters the District ballot measures on the approval of the special taxes, the issuance of the bonds and an appropriations limit for the District.

In addition, the Resolution of Formation, approves the execution and delivery of the Funding Agreement with Vista Emerald, LLC, a California limited liability company (the "Funding Agreement") and two Joint Community Facilities Agreements with the Elsinore Valley Municipal Water District and the Lake Elsinore Unified School District, in the forms presented to this Council. The Funding Agreement sets forth the terms, among others, pursuant to which the District will finance improvements to be owned by the City. The Joint Community Facilities Agreements sets forth the terms, among others, pursuant to which the District will finance improvements to be

owned by the Elsinore Valley Municipal Water District and the Lake Elsinore Unified School District.

On file with the City Clerk is a Certificate of the Registrar of Voters of Riverside County certifying that there are no registered voters residing within the boundaries of the District. Accordingly, under the Mello-Roos Act, only property owners owning land in the District are eligible to vote at the election for the District with each owner having one vote for each acre (or portion thereof) that they own within the District. The Property Owner has executed consents and waivers of certain election procedures with respect to the election, including certain timing requirements with respect to the election, in accordance with the Mello-Roos Act. Accordingly, if the City Council approves the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt, the City Clerk will conduct the election. The City Clerk will announce the election results and the City Council will be asked to adopt the Resolution Certifying the Election Results. Based on upon certification that 2/3rds of the votes cast are in favor of the propositions voted upon in the District, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within the District. The City Council will then be asked to introduce the Ordinance authorizing the levy of the special tax within the District in accordance with the Rate and Method.

### **Fiscal Impact**

The District will be required to annually levy special taxes on all of the taxable property within the District in order to pay for the costs of facilities, debt service on bonds and administration of the District. Any bonds issued by the District are NOT obligations of the City and will be secured solely by the special taxes levied in the District. Vista Emerald, LLC has made a deposit to pay for the costs of forming the District. The Funding Agreement provides the terms under which Vista Emerald, LLC may be reimbursed for these costs if and when bonds are issued for CFD.

### **Attachments**

- Attachment 1 - Resolution of Formation
- Attachment 2 - Resolution Necessity to Incur Debt
- Attachment 3 - Resolution Certifying the Election Results
- Attachment 4 - Ordinance Authorizing the Levy of Special Tax
- Attachment 5 - Certificate of the Registrar of Voters
- Attachment 6 - Public Hearing Report
- Attachment 7 - Funding Agreement
- Attachment 8 - Joint Community Facilities Agreement (Elsinore Valley Municipal Water District)
- Attachment 9 - Joint Community Facilities Agreement (Lake Elsinore Unified School District)
- Attachment 10 - Project Map



## **RESOLUTION NO. 2023-**

### **A RESOLUTION 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), AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN, CALLING AN ELECTION AND APPROVING AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO**

**Whereas**, the City Council (the “City Council”) of the City of Lake Elsinore (the “City”) has heretofore adopted Resolution No. 2023-78 stating its intention 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, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

**Whereas**, a copy of Resolution No. 2023-78 setting forth a description of the proposed boundaries of Community Facilities District No. 2023-2, the facilities and incidental expenses to be financed by the District and the rate and method of apportionment of the special tax proposed to be levied within the District is on file with the City Clerk; and

**Whereas**, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of this City Council to form proposed Community Facilities District No. 2023-2 and to levy a special tax (the “Special Tax”) and to incur bonded indebtedness in the amount of up to \$15,000,000 therein to finance the facilities and incidental expenses described in Resolution No. 2023-78; and

**Whereas**, on October 24, 2023, the public hearing called for such date on the proposed formation of Community Facilities District No. 2023-2, the levy of the Special Tax therein and the issuance of bonded indebtedness by the District was continued to November 14, 2023; and

**Whereas**, due to certain complexities with respect to approvals of the proposed project in the District, on November 14, 2023, this City Council further continued the public hearing to December 12, 2023; and

**Whereas**, on December 12, 2023, this City Council conducted a noticed public hearing as required by law relative to the proposed formation of Community Facilities District No. 2023-2, the levy of the Special Tax therein and the issuance of bonded indebtedness by the District; and

**Whereas**, at the December 12, 2023, public hearing there was filed with this City Council a report containing a description of the facilities necessary to meet the needs of the District and an estimate of the cost of such facilities as required by Section 53321.5 of the Act (the “Engineer’s Report”); and

**Whereas**, at the December 12, 2023, public hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2023-2, the levy of the Special Tax and the issuance of bonded indebtedness were heard and full and fair hearings were held; and

**Whereas**, following the public hearing, this City Council has determined to authorize the formation of the District to finance the types of facilities (the “Facilities”) and the incidental expenses (the “Incidental Expenses”) set forth in Exhibit A hereto, which are described in more detail in the Engineer’s Report; and

**Whereas**, at the public hearing evidence was presented to this City Council on the matters before it, and the proposed Special Tax to be levied within the District was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing was fully advised as to all matters relating to the formation of the District, the levy of the Special Tax and the issuance of bonded indebtedness therein; and

**Whereas**, this City Council has determined, based on a Certificate of Registrar of Voters of the County of Riverside on file in the office of the City Clerk, that no registered voters have been residing in the proposed boundaries of Community Facilities District No. 2023-2 for each of the 90 days prior to December 12, 2023 and that the qualified electors in Community Facilities District No. 2023-2 are the landowners within the District; and

**Whereas**, on the basis of all of the foregoing, this City Council has determined to proceed with the establishment of Community Facilities District No. 2023-2 and to call an election therein to authorize (i) the levy of Special Tax pursuant to the rate and method of apportionment of the special tax, as set forth in Attachment C to Resolution No. 2023-78 (the “Rate and Method”), (ii) the issuance of bonds to finance the Facilities and Incidental Expenses, and (iii) the establishment of an appropriations limit for Community Facilities District No. 2023-2; and

**Whereas**, in order to facilitate the funding of the Facilities, the legislative body of the District desires to enter into a Funding Agreement (the “Funding Agreement”) with Vista Emerald, LLC, a California limited liability company (the “Developer”) and the form of the Funding Agreement is on file with the City Clerk; and

**Whereas**, in connection with the proposed formation of the District, the City proposes to enter into a Joint Community Facilities Agreement (the “Water District JCFA”) with the Elsinore Valley Municipal Water District (the “Water District”) and the Developer, relating to certain facilities proposed to be financed by the District and owned and operated by the Water District and the form of the Water District JCFA is on file with the City Clerk;

**Whereas**, in connection with the proposed formation of the District, the City proposes to enter into a Joint Community Facilities Agreement (the “School District JCFA” and together with the Water District JCFA, the “JCFAs”) with the Lake Elsinore Unified School District (the “School District”) and the Developer, relating to certain facilities proposed to be financed by the District and owned and operated by the School District and the form of the School District JCFA is on file with the City Clerk;

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

**Section 1.** Each of the above recitals is true and correct.

**Section 2.** A community facilities district to be designated “Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)” is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act. This City Council ratifies the finding that certain complexities with respect to approvals of the proposed project in the District required the further continuance of the public hearing from November 14, 2023 to December 12, 2023.

**Section 3.** The boundaries of Community Facilities District No. 2023-2 are established as shown on the map designated “Boundary Map of Community Facilities District No. 2023-2 (Coastal Mission Trails) City of Lake Elsinore, County of Riverside, State of California”, which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County Book of Maps of Assessment and Community Facilities Districts in the Assessor-County Clerk-Recorder’s office of the County of Riverside in Book No. 91 Page No. 91 on September 14, 2023 as Instrument No. 2023-0271583.

**Section 4.** The types of Facilities and Incidental Expenses authorized to be provided for Community Facilities District No. 2023-2 are those set forth in Exhibit A attached hereto. The estimated cost of the Facilities and Incidental Expenses to be financed is set forth in the Engineer’s Report, which estimates may change as the Facilities are designed and bid for construction and acquisition, as applicable.

The City is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The City Council finds and determines that the proposed Facilities are necessary to meet the increased demand that will be placed upon local agencies and public infrastructure as a result of new development within the District and that the Facilities to be financed, including those to be financed pursuant to the JCFA’s to be entered into with the Water District and the School District, benefit residents of the City and the future residents of the District.

**Section 5.** Except where funds are otherwise available, it is the intention of this City Council, subject to the approval of the eligible voters of the District, to levy annually a Special Tax at the rates set forth in the Rate and Method on all non-exempt property within the District sufficient to pay for (i) the Facilities, (ii) the principal and interest and other periodic costs on the bonds proposed to be issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees and other expenses of the type permitted by Section 53345.3 of the Act; and (iii) the Incidental Expenses. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, the issuance of bonds, the levying and collecting of the Special Tax, the completion and inspection of the Facilities and the annual administration of the bonds and the District. The Rate and Method is described in detail in Attachment C to Resolution No. 2023-78 and incorporated herein by this reference, and the City Council hereby finds that the Rate and Method contains sufficient detail to allow each landowner within the District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the Engineer's Report, which is incorporated by reference herein, the Special Tax is based on the expected demand that each parcel of real property within Community Facilities District No. 2023-2 will place on the Facilities and on the benefit that each parcel will derive from the right to access the Facilities and, accordingly, is hereby determined to be reasonable. The Special Tax shall be levied on each assessor's parcel in accordance with the Rate and Method provided, however, that the Special Tax shall not be levied after Fiscal Year 2070-71. The Special Tax is apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such Special Tax is not on or based upon the ownership of real property or the assessed value of real property.

If Special Taxes of the District are 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 authorized under the Rate and Method, (ii) the Special Tax shall not be levied after Fiscal Year 2070-71, and (iii) under no circumstances will the Special Tax levied 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 above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The City Manager of the City of Lake Elsinore, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

**Section 6.** 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 in the Rate and Method, or in the event of delinquencies in the payment of Special Taxes levied, the City Council shall, on behalf of Community Facilities District No. 2023-2, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within Community Facilities District No. 2023-2 which is not exempt or delinquent in order to yield the required debt service payments on any outstanding bonds of the District, or to prevent the District from defaulting on any of its other obligations or liabilities; provided, however, under no circumstances will the Special Tax levied against any 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 above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The amount of the Special Tax will be set in accordance with the Rate and Method. The obligation to pay Special Taxes may be prepaid only as set forth in Section G of the Rate and Method.

**Section 7.** Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax by the District ceases.

**Section 8.** Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within Community Facilities District No. 2023-2, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within Community Facilities District No. 2023-2 and will be benefited by the Facilities proposed to be provided within Community Facilities District No. 2023-2.

**Section 9.** It is hereby further determined that there is no *ad valorem* property tax currently being levied on property within proposed Community Facilities District No. 2023-2 for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of Community Facilities District No. 2023-2 as are proposed to be provided by the Facilities to be financed by Community Facilities District No. 2023-2.

**Section 10.** Written protests against the establishment of the District have not been filed by one-half or more of the registered voters within the boundaries of the District or by the property owners of one-half (1/2) or more of the area of land within the District. The City Council hereby finds that the proposed Special Tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

**Section 11.** An election is hereby called for Community Facilities District No. 2023-2 on the propositions of levying the Special Tax on the property within Community Facilities District No. 2023-2 and establishing an appropriations limit for the District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness, pursuant to Sections 53351 and 53353.5 of the Act. The language of the propositions to be placed on the ballot is attached hereto as Exhibit B.



**Section 12.** The date of the election for Community Facilities District No. 2023-2 on the propositions of incurring the bonded indebtedness, authorizing the levy of the Special Tax and establishing an appropriations limit for the District shall be December 12, 2023, or such later date as is consented to by the City Clerk or Deputy City Clerk (referred to herein as the "City Clerk") of the City of Lake Elsinore; provided that, if the election is to take place sooner than 90 days after December 12, 2023, then the unanimous written consent of each qualified elector within the District to such election date must be obtained. The polls shall be open for said election immediately following the close of the public hearing on December 12, 2023. The election shall be conducted by the City Clerk. Except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Lake Elsinore insofar as such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the election following the adoption of this resolution, and all ballots shall be received by, and the City Clerk shall close the election by, 11:00 p.m. on the election day; provided the election shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. Pursuant to Section 53326 of the Act, the ballots for the special election shall be distributed in person, or by mail with return postage prepaid, to the qualified electors within Community Facilities District No. 2023-2. The City Clerk has secured a certificate from the Registrar of Voters of the County of Riverside certifying that there were no registered voters within the District. Accordingly, since there were fewer than 12 registered voters within the District for each of the 90 days preceding December 12, 2023, the qualified electors shall be the landowners within the District and each landowner, or the authorized representative thereof, shall have one vote for each acre or portion thereof that such landowner owns within Community Facilities District No. 2023-2, as provided in Section 53326 of the Act. Each landowner within the District has executed and delivered a waiver of certain election law requirements and consenting to the holding of the election on December 12, 2023, which waiver is on file with the City Clerk.

**Section 13.** The preparation of the Engineer's Report is hereby ratified. The Engineer's Report, as submitted, is hereby approved and was made a part of the record of the public hearing regarding the formation of Community Facilities District No. 2023-2. The Engineer's Report is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

**Section 14.** The form of the Funding Agreement on file with the City Clerk is approved as to form, and each of the City Manager, Assistant City Manager, and their written designees, is authorized to execute the Funding Agreement in substantially the form on file with the City Clerk, together with such changes as are approved by the officer executing the same, with the approval of such changes to be conclusively evidenced by the execution and delivery thereof.

**Section 15.** The forms of the JCFAs on file with the City Clerk are approved as to form, and each of the City Manager, Assistant City Manager, and their written designees, is authorized to execute the JCFAs in substantially the forms on file with the City Clerk, together with such changes as are approved by the officer executing the same, with the approval of such changes to be conclusively evidenced by the execution and delivery thereof.

**Section 16.** This Resolution shall be effective upon its adoption.

**Passed and Adopted** at a regular meeting of the City Council of the City of Lake Elsinore, California, this 12<sup>th</sup> day of December, 2023.

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Natasha Johnson  
Mayor

Attest:

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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 December 12, 2023 and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Candice Alvarez, MMC  
City Clerk

## **EXHIBIT 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.

**EXHIBIT B**

**BALLOT PROPOSITIONS**

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

**SPECIAL TAX AND SPECIAL BOND ELECTION**

**December 12, 2023**

PROPOSITION A: Shall Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "District") incur an indebtedness and issue bonds in the maximum principal amount of \$15,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2023-78, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION C: For each year commencing with Fiscal Year 2024-25, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to \$7,500,000?

YES \_\_\_\_\_

NO \_\_\_\_\_

## **RESOLUTION NO. 2023-**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$15,000,000 WITHIN COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AND CALLING AN ELECTION THEREIN**

**Whereas**, on September 12, 2023, the City Council of the City of Lake Elsinore (the "City Council") adopted Resolution No. 2023-78 stating its intention 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, as amended (the "Act"); and

**Whereas**, on September 12, 2023, the City Council also adopted Resolution No. 2023-77 stating its intention to incur bonded indebtedness in the amount of up to \$15,000,000 within proposed Community Facilities District No. 2023-2 to finance (1) the purchase, construction, modification, expansion, improvement or rehabilitation of public facilities identified in Exhibit B to Resolution No. 2023-78, and (2) the incidental expenses to be incurred in financing such public facilities and services and forming and administering the District, as identified in Exhibit B to Resolution No. 2023-78; and

**Whereas**, notice was published as required by law relative to the intention of the City Council to form proposed Community Facilities District No. 2023-2 and to incur bonded indebtedness in the amount of up to \$15,000,000 within the boundaries of proposed Community Facilities District No. 2023-2; and

**Whereas**, on October 24, 2023, the public hearing called for such date to form proposed Community Facilities District No. 2023-2 and to incur bonded indebtedness in the amount of up to \$15,000,000 within the boundaries of proposed Community Facilities District No. 2023-2 was continued to November 14, 2023; and

**Whereas**, due to certain complexities with respect to approvals of the proposed project in the District, on November 14, 2023, this City Council further continued the public hearing to December 12, 2023; and

**Whereas**, on December 12, 2023, this City Council conducted a noticed public hearing to determine whether it should proceed with the formation of Community Facilities District No. 2023-2, issue bonds to pay for the facilities and incidental expenses described in Resolution No. 2023-78 and authorize the rate and method of apportionment of a special tax to be levied within Community Facilities District No. 2023-2 for the purposes described in Resolution No. 2023-78; and

**Whereas**, at said hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2023-2, the levy of a special tax and the issuance of bonds to pay for the cost of the proposed facilities and incidental expenses were heard and a full and fair hearing was held; and



**Whereas**, the City Council subsequent to such hearing adopted Resolution No. 2023-\_\_\_\_ establishing Community Facilities District No. 2023-2 (the "Resolution of Formation") and authorizing the financing of the public facilities (the "Facilities") and the incidental expenses (the "Incidental Expenses") described in Exhibit A thereto; and

**Whereas**, the City Council desires to make the necessary findings to incur bonded indebtedness within the District, to declare the purpose for said debt, and to authorize the submittal of a proposition to issue bonded indebtedness to the voters of the District, being the landowners within the proposed District, all as authorized and required by law;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

**Section 1.** It is necessary to incur bonded indebtedness in a maximum aggregate principal amount not to exceed \$15,000,000 within Community Facilities District No. 2023-2.

**Section 2.** The indebtedness is to be incurred for the purpose of financing the costs of purchasing, constructing, modifying, expanding, improving, or rehabilitating the Facilities and financing the Incidental Expenses, as described in the Resolution of Formation, and carrying out the powers and purposes of Community Facilities District No. 2023-2, including, but not limited to, financing the costs of selling the bonds, establishing and replenishing bond reserve funds and paying remarketing, credit enhancement and liquidity facility fees and other expenses of the type authorized by Section 53345.3 of the Act.

**Section 3.** The whole of the property within Community Facilities District No. 2023-2, other than property exempted from the special tax pursuant to the provisions of the rate and method of apportionment attached to Resolution No. 2023-78 as Exhibit C, shall pay for the bonded indebtedness pursuant to the levy of the special tax authorized by the Resolution of Formation.

**Section 4.** The maximum term of the bonds to be issued shall in no event exceed 35 years or such longer term as is then permitted by law.

**Section 5.** The bonds shall bear interest at the rate or rates not to exceed the maximum interest rate permitted by law, payable annually or semiannually, or in part annually and in part semiannually, except the first interest payment may be for a period of less than six months, with the actual rate or rates and times of payment to be determined at the time or times of sale thereof.

**Section 6.** The bonds may bear a variable or fixed interest rate, provided that such variable rate or fixed rate shall not exceed the maximum rate permitted by Section 53531 of the Act, or any other applicable provision of law limiting the maximum interest rate on the bonds.

**Section 7.** Pursuant to Section 53351 of the Act, a special election is hereby called for Community Facilities District No. 2023-2 on the proposition of incurring the bonded indebtedness. The proposition relative to incurring bonded indebtedness in the maximum aggregate principal amount of \$15,000,000 shall be in the form of Proposition A set forth in Exhibit A hereto. In accordance with Sections 53351(h) and 53353.5 of the Act, the election shall be consolidated with the special election called on the proposition of levying a special tax within the District as described in the Resolution of Formation, which proposition shall be in the form of Proposition B set forth in Exhibit A, and on the proposition of establishing an appropriations limit for the District, which proposition shall be in the form of Proposition C set forth in Exhibit A.

**Section 8.** The date of the special election for Community Facilities District No. 2023-2 on the propositions of incurring the bonded indebtedness, authorizing the levy of the special tax and setting an appropriations limit shall be December 12, 2023, or such later date as is consented to by the City Clerk, or a Deputy City Clerk of the City (referred to herein as the "City Clerk"); provided that, if the election is to take place sooner than 90 days after December 12, 2023, then the unanimous written consent of each qualified elector within the District to such election date must be obtained. The polls shall be open for said election immediately following the public hearing on December 12, 2023. The election shall be conducted by the City Clerk. Except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Lake Elsinore insofar as such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the election following the adoption of the Resolution of Formation, and this resolution and all ballots shall be received by and the City Clerk shall close the election by 11:00 p.m. on the election day; provided the election shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. Pursuant to Section 53326 of the Act, the ballots for the special election shall be distributed in person, or by mail with return postage prepaid, to the qualified electors within Community Facilities District No. 2023-2. The City Clerk has secured a certificate of the Registrar of Voters of the County of Riverside certifying that there were no registered voters within the District. Accordingly, since there were fewer than 12 registered voters within the District for each of the 90 days preceding December 12, 2023, the qualified electors shall be the landowners within the District and each landowner, or the authorized representative thereof, shall have one vote for each acre or portion thereof that such landowner owns within Community Facilities District No. 2023-2, as provided in Section 53326 of the Act. Each landowner within the District has executed and delivered a waiver of certain election law requirements and consenting to the holding of the election on December 12, 2023, which waiver is on file with the City Clerk.

**Section 9.** This Resolution shall be effective upon its adoption.

**Passed and Adopted** at a regular meeting of the City Council of the City of Lake Elsinore, California, this 12<sup>th</sup> day of December, 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 December 12, 2023 and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Candice Alvarez, MMC  
City Clerk

**EXHIBIT A**

**BALLOT PROPOSITIONS**

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

**SPECIAL TAX AND SPECIAL BOND ELECTION**

**December 12, 2023**

PROPOSITION A: Shall Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "District") incur an indebtedness and issue bonds in the maximum principal amount of \$15,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2023-78, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION C: For each year commencing with Fiscal Year 2024-25, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to \$7,500,000?

YES \_\_\_\_\_

NO \_\_\_\_\_

## **RESOLUTION NO. 2023-**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) CERTIFYING ELECTION RESULTS**

**Whereas**, the City Council of the City of Lake Elsinore called and duly held an election on December 12, 2023 within the boundaries of 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 Resolution Nos. 2023-\_\_ and 2023-\_\_ for the purpose of presenting to the qualified electors within the District Propositions A, B and C, attached hereto as Exhibit A; and

**Whereas**, there has been presented to this City Council a certificate of the City Clerk or Deputy City Clerk (referred to herein as the "City Clerk") canvassing the results of the election, a copy of which is attached hereto as Exhibit B;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS 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.** Propositions A, B and C presented to the qualified electors of the District on December 12, 2023 were approved by more than two-thirds of the votes cast at said election and Propositions A, B and C each has carried. The City Council, acting as the legislative body of the District, is hereby authorized to levy on the land within the District the special tax described in Proposition B for the purposes described therein and to take the necessary steps to levy the special tax authorized by Proposition B and to issue bonds in an amount not to exceed \$15,000,000 specified in Proposition A.

**Section 3.** The City Clerk is hereby directed to record in the Assessor-County Clerk-Recorder's office of the County of Riverside within fifteen days of the date hereof a notice of special tax lien with respect to the District which Bond Counsel to the District shall prepare in the form required by Streets and Highways Code Section 3114.5.

**Section 4.** This Resolution shall be effective upon its adoption.

**Passed and Adopted** at a regular meeting of the City Council of the City of Lake Elsinore, California, this 12<sup>th</sup> day of December, 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 December 12, 2023 and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Candice Alvarez, MMC  
City Clerk

**EXHIBIT A**

**BALLOT PROPOSITIONS**

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

**SPECIAL TAX AND SPECIAL BOND ELECTION**

**December 12, 2023**

PROPOSITION A: Shall Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "District") incur an indebtedness and issue bonds in the maximum principal amount of \$15,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION B: Shall a special tax with a rate and method of apportionment as provided in Resolution No. 2023-78 of the City Council of the City of Lake Elsinore be levied to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. 2023-78, including the payment of the principal of and interest on bonds issued to finance the Facilities and Incidental Expenses?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION C: For each year commencing with Fiscal Year 2024-25, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to \$7,500,000?

YES \_\_\_\_\_

NO \_\_\_\_\_

## EXHIBIT B

### CERTIFICATE OF CITY CLERK AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS

I, Candice Alvarez, MMC, City Clerk of the City of Lake Elsinore, do hereby certify that I have examined the returns of the Special Tax and Bond Election for Community Facilities District No. 2023-2 (Coastal Mission Trails) of the City of Lake Elsinore (the "City"). The election was held in the Lake Elsinore Cultural Center at 183 North Main Street, Lake Elsinore, California, on December 12, 2023. I caused to be delivered ballots to each qualified elector. One (1) ballot was returned.

I further certify that the results of said election and the number of votes cast for and against Propositions A, B, and C are as follows:

<u>PROPOSITION A</u>	<u>PROPOSITION B</u>	<u>PROPOSITION C</u>
YES: 19	YES: 19	YES: 19
NO: 0	NO: 0	NO: 0
TOTAL: 19	TOTAL: 19	TOTAL: 19

Dated this 12<sup>th</sup> day of December, 2023.

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Candice Alvarez, MMC, City Clerk  
City of Lake Elsinore

## **ORDINANCE NO. 2023-**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) AUTHORIZING THE LEVY OF SPECIAL TAXES**

**Whereas**, on September 12, 2023, the City Council (the "City Council") of the City of Lake Elsinore (the "City") adopted Resolution No. 2023-78 declaring its intention to form Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), and its Resolution No. 2023-77 declaring its intention to incur bonded indebtedness for the District; and

**Whereas**, on October 24, 2023, this City Council continued the public hearing called for such date to November 14, 2023, and on November 14, 2023, the public hearing was further continued to December 12, 2023; and

**Whereas**, on December 12, 2023, after providing all notice required by the Act, the City Council conducted a noticed public hearing required by the Act relative to the proposed formation of the District, the proposed levy of a special tax therein to finance certain public facilities described in Resolution No. 2023-78 and to secure the payment of any bonded indebtedness of the District, and the proposed issuance of up to \$15,000,000 of bonded indebtedness as described in Resolution No. 2023-77; and

**Whereas**, at the December 12, 2023 public hearing, all persons desiring to be heard on all matters pertaining to the formation of the District and the proposed levy of the special tax to finance the facilities described in Resolution No. 2023-78 and to secure the payment of up to \$15,000,000 of bonded indebtedness of the District as described in Resolution No. 2023-78 (the "Bonds") were heard and a full and fair hearing was held; and

**Whereas**, on December 12, 2023, the City Council adopted Resolution Nos. 2023-\_\_\_\_ and 2023-\_\_\_\_ which formed the District and called a special election within the District on December 12, 2023 on three propositions relating to the levy of a special tax within the District, the issuance of the Bonds and the establishment of an appropriations limit within the District; and

**Whereas**, on December 12, 2023, a special election was held within the District at which the qualified electors approved by more than a two thirds vote Propositions A, B, and C authorizing the levy of a special tax within the District for the purposes described in Resolution No. 2023-\_\_\_\_, the issuance of the Bonds as described in Resolution No. 2023-\_\_\_\_ and establishing an appropriations limit for the District; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) ORDAINS AS FOLLOWS:**

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

**Section 2.** By the passage of this Ordinance, the City Council authorizes and levies special taxes within the District pursuant to Sections 53328 and 53340 of the Act at the rates and in accordance with the rate and method of apportionment set forth in Attachment C to Resolution No. 2023-78, which is incorporated by reference herein (the "Rate and Method"). The special taxes are hereby levied commencing in the fiscal year specified in the Rate and Method and in each fiscal year thereafter until payment in full of the Bonds (including any bonds issued to refund the Bonds), payment of all costs of the public facilities and services authorized to be financed by the District, and payment of all costs of administering the District.

**Section 3.** Each of the Mayor, the City Manager, the Assistant City Manager, or their written designees (each, an "Authorized Officer"), acting alone, is hereby authorized and directed each fiscal year to determine the specific special tax rates and amounts to be levied in such fiscal year on each parcel of real property within the District, in the manner and as provided in the Rate and Method. The special tax rate levied on a parcel pursuant to the Rate and Method shall not exceed the maximum rate set forth in the Rate and Method for such parcel, but the special tax may be levied at a lower rate. Each Authorized Officer is hereby authorized and directed to provide all necessary information to the Treasurer-Tax Collector of the County of Riverside and to otherwise take all actions necessary in order to effect proper billing and collection of the special tax, so that the special tax shall be levied and collected in sufficient amounts and at times necessary to satisfy the financial obligations of the District in each fiscal year, and with respect to Special Tax, until the Bonds are paid in full, the facilities have been paid for, and provision has been made for payment of all of the administrative costs of the District.

**Section 4.** Properties or entities of the state, federal or other local governments shall be exempt from the special tax, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and Section F of the Rate and Method. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in Resolution No. 2023-\_\_\_\_ or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of apportionment or an existing special tax as provided in Section 53334 of the Act.

**Section 5.** All of the collections of the special tax shall be used as provided for in the Act, the Rate and Method and Resolution No. 2023-\_\_\_\_.

**Section 6.** The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this City Council from time to time.

**Section 7.** As a cumulative remedy, if any amount levied as a special tax for payment of the interest or principal of the Bonds (including any bonds issued to refund the Bonds), together with any penalties and other charges accruing under this Ordinance, are not paid when due, the City Council may, not later than four years after the due date of the last installment of principal on the Bonds (including any bonds issued to refund the Bonds), order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax, as authorized by the Act.



**Section 8.** The Mayor of the City shall sign this Ordinance and the City Clerk or Deputy City Clerk (referred to herein as the "City Clerk") shall attest to the Mayor's signature and then cause the same to be published within fifteen (15) days after its passage at least once in The Press Enterprise, a newspaper of general circulation published and circulated in the City of Lake Elsinore.

**Section 9.** The specific authorization for adoption of this Ordinance is pursuant to the provisions of Section 53340 of the Act.

**Section 10.** The City Clerk is hereby authorized to transmit a certified copy of this ordinance to the Treasurer-Tax Collector of the County of Riverside, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

**Section 11.** A full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

**Section 12.** This Ordinance shall take effect thirty days after its final passage.

**Passed, Approved, and Adopted** at a regular meeting of the City Council of the City of Lake Elsinore, California, on this \_\_\_<sup>th</sup> day of December 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 Ordinance No. 2023- was introduced by the City Council of the City of Lake Elsinore, California, at its Regular meeting of December 12, 2023 and adopted at its Regular meeting of December \_\_\_, 2023 and that the same was adopted by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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



**REGISTRAR OF VOTERS  
COUNTY OF RIVERSIDE**

State of California     )  
                                      ) ss  
County of Riverside    )

I, **Art Tinoco**, Interim Registrar of Voters of said County, hereby certify that:

(A) I have been furnished a map describing the proposed boundary of Community Facilities District No. 2023-2 (Coastal Mission Trails), of the City of Lake Elsinore, of the County of Riverside, State of California.

(B) On November 29, 2023, I conducted, or caused to be conducted, a review of the voter registration records of the County of Riverside for the purpose of determining the number of voters registered to vote within the proposed boundary of Community Facilities District No. 2023-2 (Coastal Mission Trails), of the City of Lake Elsinore, of the County of Riverside.

(C) There are 0 registered voters residing within the proposed boundary of Community Facilities District No. 2023-2 (Coastal Mission Trails), of the City of Lake Elsinore, of the County of Riverside.

IN WITNESS WHEREOF, I have executed this Certificate on this 29<sup>th</sup> day of November 2023.

**Art Tinoco**  
Interim Registrar of Voters

By:   
**Alice Kim**  
Chief Deputy Registrar of Voters

# CITY OF LAKE ELSINORE

## Public Hearing Report



CFD NO. 2023-2 (COASTAL MISSION TRAILS)

OCTOBER 24, 2023



SPICER CONSULTING  
G R O U P

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## **Appendices**

A	Rate and Method of Apportionment
B	Boundary Map
C	Resolution of Intention

## Background

On September 12, 2023, the City Council (the “City Council”) of the City of Lake Elsinore (the “City”), adopted a Resolution of Intention to form Community Facilities District No. 2023-2 (Coastal Mission Trails) of the City of Lake Elsinore (the “CFD No. 2023-2”), Resolution No. 2023-078 pursuant to the provisions of the “Mello-Roos Community Facilities Act of 1982”, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, (the “Act”).

CFD No. 2023-2 is currently comprised of three parcels and approximately 18 gross acres. A Tract Map 38378 includes 191 proposed single family residential lots. The properties are generally located on the northwest corner of Mission Trail Road and Lemon Street.

For a map showing the boundaries of CFD No. 2023-2 please see Appendix B.

## Purpose of Public Hearing Report

WHEREAS, this Community Facilities District Report (“Report”) is being provided to the City Council and generally contains the following:

1. A brief description of CFD No. 2023-2;
2. A brief description of the Facilities required at the time of formation to meet the needs of CFD No. 2023-2;
3. A brief description of the Boundaries of CFD No. 2023-2; and
4. An estimate of the cost of financing the bonds used to pay for the Facilities, including all costs associated with formation of the District, issuance of bonds, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District, and any other incidental expenses to be paid through the proposed financing.

For particulars, reference is made to the Resolution of Intention as previously approved and adopted and is included in Appendix C.

NOW, THEREFORE, the undersigned, authorized representative of Spicer Consulting Group, LLC, the appointed responsible officer, or person directed to prepare this Report, does hereby submit the following data:

### Description of the Facilities

A Community Facilities District may pay for facilities which may include all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay for any indebtedness secured by any tax, fee, charge, or assessment levied, provide for the purchase, construction, expansion, or rehabilitation for any real or other tangible property with an estimated useful life of five (5) years or longer, which is necessary to meet increased demands placed upon local agencies as a result of development and/or rehabilitation occurring within the District.

The types of facilities that are proposed by CFD No. 2023-2 and financed with the proceeds of special taxes and bonds issued by CFD No. 2023-2 consist of 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.

### Incidental Expenses

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

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

All costs associated with the creation of CFD No. 2023-2, the issuance of bonds, the determination of the amount of special taxes to be levied, costs incurred in order to carry out the authorized purposes of CFD No. 2023-2, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2023-2 and any obligations.

The description of the eligible public facilities, services and incidental expenses above are preliminary and general in nature. The final plans and specifications approved by the applicable public agency may show substitutes or modifications in order to accomplish the work or serve the new development and any such substitution or modification shall not constitute a change or modification in the proceedings relating to CFD No. 2023-2.

Below is the estimated cost of facilities to be provided to the District.

- a) The cost estimate of facilities, including incidental expenses, to be financed through the issuance of CFD No. 2023-2 Bonds is estimated to be \$8,539,684 based upon current dollars (Fiscal Year 2023-24).
- b) For further particulars please reference Table 3-1 below and incorporated herein by reference.
- c) Pursuant to Section 53340 of the Act, the proceeds of any special tax levied and collected by CFD No. 2023-2 may be used only to pay for the cost of providing public facilities, services, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with determination of the amount of special taxes, collection of special taxes, payment of special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District. The incidental expenses associated with the annual administration of CFD No. 2023-2 are estimated to be \$30,000 in the initial Fiscal Year. However, it is anticipated that the incidental expenses will vary due to inflation and other factors that may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

**Table 3-1**  
**Cost Estimate**

City of Lake Elsinore	Total	Bond Allocation <sup>(1)</sup>
Park Fee	\$305,600	\$305,600
Traffic Fee	\$261,479	\$261,479
Library	\$28,650	\$28,650
City Hall	\$154,519	\$154,519
Community Center	\$104,095	\$104,095
Lakeside Facilities	\$148,789	\$148,789
Animal Shelter	\$66,468	\$66,468
Fire Facility	\$143,441	\$143,441
Drainage Fee	\$61,884	\$61,884
City Additional Facilities	\$254,985	\$254,985
<b>Total City Fees and Facilities</b>	<b>\$1,529,910</b>	<b>\$1,529,910</b>

Elsinore Valley Municipal Water District	Total	Bond Allocation <sup>(1)</sup>
3/4" Water Meter Fee	\$3,143,096	\$3,143,096
Regional Sewer Fee	\$1,779,356	\$1,779,356
Landscape Meter Fee	\$109,324	\$109,324
<b>Total Elsinore Valley Municipal Water District</b>	<b>\$5,031,776</b>	<b>\$5,031,776</b>

Lake Elsinore Unified School District	Total	Bond Allocation <sup>(1)</sup>
Level I School Fee	\$1,570,972	\$1,570,972
School Fee Premium	\$471,291	\$407,026
<b>Total Lake Elsinore Unified School District</b>	<b>\$2,042,263</b>	<b>\$1,977,998</b>

Total Eligible Fees/Improvements	\$8,603,949	\$8,539,684
Incidental Financing Costs		\$1,995,316
<b>Total Funded by Bond Proceeds</b>		<b>\$10,535,000</b>

<b>Total Fees/Improvements to be Funded by Developer</b>		<b>\$64,265</b>
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(1) Amounts are allocated based upon estimated bond sizing and may change abased upon market conditions at the time of bond issuance.

The CFD No. 2023-2 includes approximately 18 gross acres on three undeveloped assessor's parcels in Tract 38378 located in the City. The property within CFD No. 2023-2 is expected to be developed with 191 single family residential units. The District is located on the northwest corner of Mission Trail Road and Lemon Street. As of Fiscal Year 2023-24 the proposed CFD No. 2023-2 includes the following Assessor's Parcel Numbers:

Assessor Parcel Number
370-050-019
370-050-020
370-050-032

A map showing the boundaries of CFD No. 2023-2 is included in Appendix B.



The Rate and Method of Apportionment allows each property owner within CFD No. 2023-2 to estimate the annual Special Tax amount that would be required for payment. The Rate and Method of Apportionment of the Special Tax established pursuant to these proceedings, is attached hereto as Appendix A (the "Rate and Method"). The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the CFD Administrator may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 2023-2, and provided further that CFD No. 2023-2 may covenant to foreclose and may actually foreclose on parcels having delinquent Special Taxes as permitted by the Act.

All of the property located within CFD No. 2023-2, unless exempted by law or by the Rate and Method proposed for CFD No. 2023-2, shall be taxed for the purpose of providing necessary facilities to serve the District. The Boundary Map for CFD No. 2023-2 is attached hereto as Appendix B. Pursuant to Section 53325.3 of the Act, the tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax may be based on the benefit received by property, the cost of making facilities or authorized services available or other reasonable basis as determined by the City, although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution. A property owner within the District may choose to prepay in whole or in part the Special Tax. The available method for so doing is described in Section G of the Rate and Method ("Prepayment of Special Tax").

For each year that any Bonds are outstanding the Special Tax shall be levied on all parcels subject to the Special Tax. If any delinquent Special Taxes remain uncollected prior to or after all Bonds are retired, the Special Tax may be levied to the extent necessary to reimburse CFD No. 2023-2 for uncollected Special Taxes associated with the levy of such Special Taxes, but the Special Tax shall not be levied after 2070-2071 Fiscal Year.

For particulars as to the Rate and Method for CFD No. 2023-2, see the attached and incorporated in Appendix A.

Based on the information provided herein, it is my opinion that the described services herein are those that are necessary to meet increased demands placed upon the City of Lake Elsinore as a result of development occurring within the CFD No. 2023-2 and benefits the lands within said CFD No. 2023-2. Further, it is my opinion that the special tax rates and method of apportionment, as set forth herein, are fair and equitable, uniformly applied and not discriminating or arbitrary.

Date: October 24, 2023

SPICER CONSULTING GROUP, LLC



SHANE SPICER  
SPECIAL TAX CONSULTANT FOR  
CITY OF LAKE ELSINORE  
RIVERSIDE COUNTY  
STATE OF CALIFORNIA

# APPENDIX A

## Rate and Method of Apportionment



SPICER CONSULTING  
G R O U P

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

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. Administration 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 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" 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.



# APPENDIX B

## Boundary Map



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G R O U P

COPY


91  
91

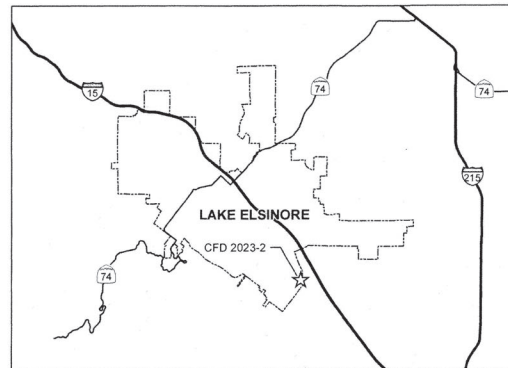
**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-2**  
**(COASTAL MISSION TRAILS)**  
**CITY OF LAKE ELSINORE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 (COASTAL MISSION TRAILS), CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE AT A REGULAR MEETING THEREOF, HELD ON 12<sup>th</sup> DAY OF September, 2023, BY RESOLUTION NO. 2023-17

  
CITY CLERK  
CITY OF LAKE ELSINORE

FILED IN THE OFFICE OF THE CITY CLERK, CITY OF LAKE ELSINORE, THIS 12<sup>th</sup> DAY OF September, 2023.

  
CITY CLERK  
CITY OF LAKE ELSINORE




THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2023-24.



FILED THIS 14<sup>th</sup> DAY OF September, 2023 AT THE HOUR OF 9:48 O'CLOCK P.M. IN BOOK 91 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 91, IN THE OFFICE OF THE COUNTY RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

FEE: \$9 NO.: 2023-0271583  
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY:  DEPUTY

**LEGEND**

- PARCEL LINE
- CFD BOUNDARY
- - - CITY BOUNDARY
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER



# APPENDIX C

## Resolution of Intention



SPICER CONSULTING  
G R O U P

## **RESOLUTION NO. 2023-78**

### **A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, 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 JCFAs 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

CC Reso. No. 2023-78

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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:

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(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.

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**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** at a regular meeting of the City Council of the City of Lake Elsinore, California, this 12<sup>th</sup> day of September 2023.

DocuSigned by:



BE60BD601A5A4F5...

Natasha Johnson

Mayor

Attest:

DocuSigned by:



2941B149748C400...

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. 2023-78 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: Council Members Tisdale, Sheridan, and Magee; Mayor Pro Tem Manos; and Mayor Johnson

NOES: None

ABSENT: None

ABSTAIN: None

DocuSigned by:



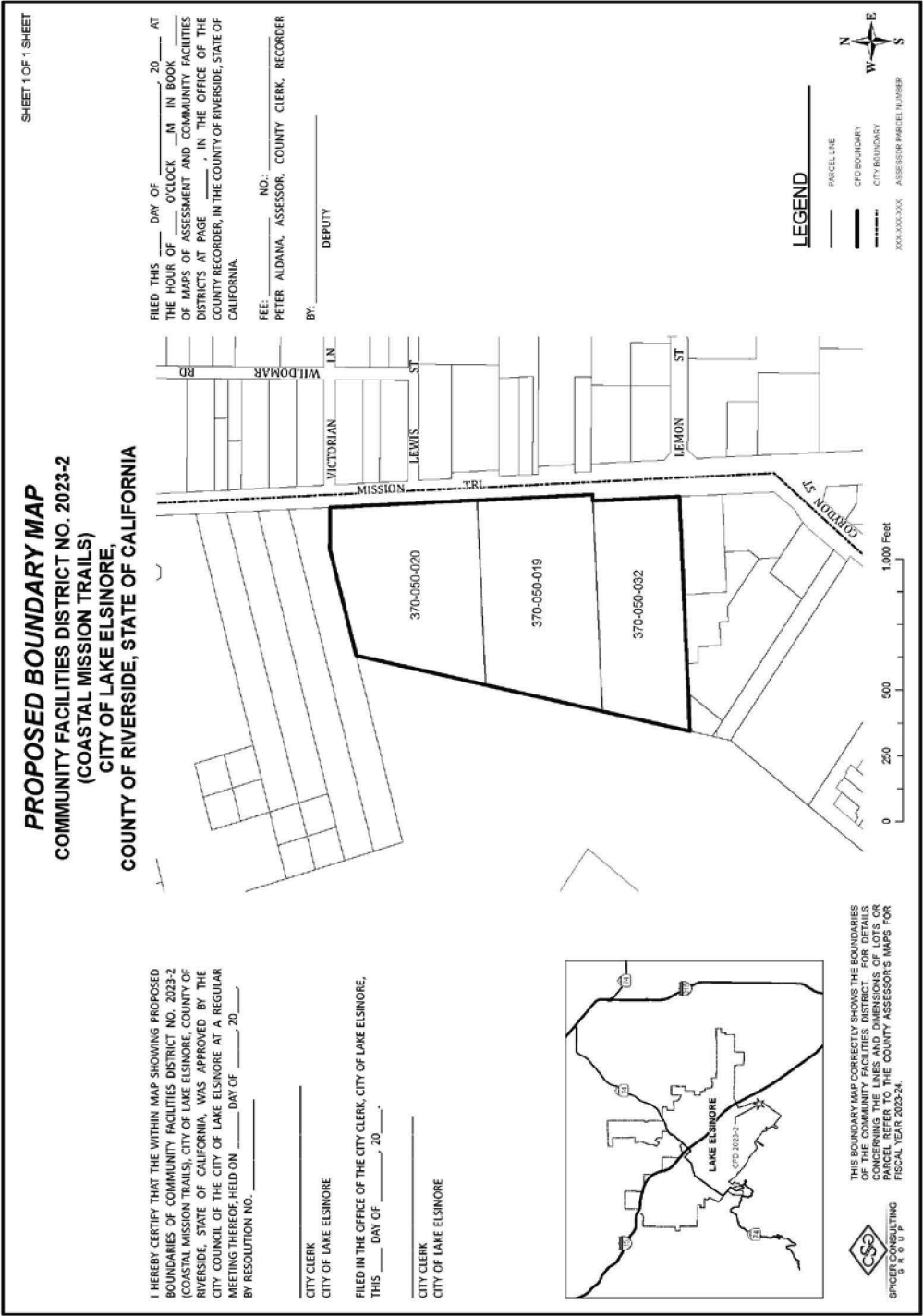
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Candice Alvarez, MMC

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 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" 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

$P_E$  = 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

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.



SPICER CONSULTING  
GROUP



**CITY OF LAKE ELSINORE  
COMMUNITY FACILITIES DISTRICT NO. 2023-2  
(COASTAL MISSION TRAILS)**

**FUNDING AGREEMENT**

THIS AGREEMENT dated December 12, 2023, is made and entered into by and between CITY OF LAKE ELSINORE (the "City"), acting for and on behalf of itself and COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS) (the "Community Facilities District" or "CFD"), and VISTA EMERALD, LLC, a California limited liability company (the "Developer"), each individually a "Party" and collectively the "Parties."

WHEREAS, the City has formed the CFD pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), authorized special taxes and issuance of bonded indebtedness to finance certain public improvements to be owned, operated or maintained by the City, the Elsinore Valley Municipal Water District and the Lake Elsinore Unified School District, and Incidental Expenses in accordance with the Act; and

WHEREAS, in order to proceed in a timely way with development of the property within the Community Facilities District which is attached as **Exhibit "A"** (the "Developer Property"), Developer desires to fund through the Community Facilities District (i) improvements included in the City's fee programs (the "City Improvements"), as more particularly set forth and described in the Description of Cost Estimates attached hereto as **Exhibit "B"** and (ii) if applicable, any improvements unrelated to the City Improvements described and governed by the terms contained in **Exhibit "D"** hereto (the "Miscellaneous Improvements") (collectively the "Improvements"); and

WHEREAS, the City is authorized by the Act to form the CFD and to issue bonds to fund the Improvements; and

WHEREAS, the City Council has adopted its "Statement of Goal and Policies for the Use of the Mello-Roos Community Facilities Act of 1982," which sets forth the City's policies and procedures concerning the use of special district financing programs to finance City facilities (the "Policy"); and

WHEREAS, the purpose of this Agreement is to constitute a formal understanding between Developer and the City (pursuant to the requirements of Government Code Section 53313.51 and other provisions of the Act and the Policy) concerning financial and other obligations and responsibilities related to the Improvements to be financed by the Community Facilities District to the extent funds are available, and to set forth the conditions upon which (1) the Community Facilities District will fund the Improvements and (2) the Community Facilities District will also fund any Miscellaneous Improvements, if applicable, described in **Exhibit "D."**

NOW, THEREFORE, it is mutually agreed between the respective parties as follows:

## SECTION 1. DEVELOPER DEPOSIT

At Developer's request, the City undertook the formation of the Community Facilities District. The Developer has advanced to the City a sum of money related to the costs of such formation proceedings, all of which shall be eligible for reimbursement from the CFD. The City will provide to Developer on request a summary of how the advances have been spent and the unexpended balance remaining. The amounts advanced by Developer and, to the extent determined reasonable and appropriate by the City, expenses incurred by Developer for engineering consultant costs in connection with the formation of the Community Facilities District and the issuance of bonds, will be reimbursable to Developer, without interest, from the proceeds of bonds (the "Bonds") issued by the Community Facilities District. In the event that Bonds are not issued to provide a source of reimbursement to Developer, the City shall not have any liability to Developer to reimburse it for any of the amounts previously advanced by Developer and expended by the City.

Prior to the issuance of the Bonds, the City will request a final advance for any unpaid expenses incurred during preparatory technical, financial and legal work; and following payment of such expenses, the City shall promptly release the balance, if any, of the advance to Developer. Should the City's expenses exceed the remaining balance, the City will bill Developer for the difference, which Developer agrees to pay within 10 days following receipt of such billing, subject to the conditions of paragraph one of this section.

## SECTION 2. SALE OF BONDS

2.1 City Policy and Requirements for the Issuance of Bonds. The Policy, sets forth the City's policies and procedures concerning the use of special district financing programs to finance the Improvements. Pursuant to the Policy, the total annual amount of the special taxes to be collected with respect to a parcel within the CFD and all other taxes and assessments which will be collected with respect to such parcel must not exceed two percent (2%) of the expected assessed value of such parcel within the Community Facilities District upon the completion of all expected structural improvements to such parcel.

The parties hereby agree that, unless waived by the City, at the time of issuance of the Bonds, the following requirements shall be met: (1) the ratio of the value of all parcels of property for which the Bonds are being issued to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the "Value-to-Lien Ratio") may not be less than four-to-one (4:1) and (2) at least 50% of the proposed residential units within the Community Facilities District shall have been completed and conveyed to individual homeowners. The fair market value of the property within the Community Facilities District for purposes of determining the foregoing ratio will be determined based on the assessed value of the property or the appraised value of the property based on the appraisal made by an appraiser selected by the City with a valuation date within ninety (90) days of the issuance of the Bonds. Subject to satisfaction of the Policy and the requirements of this Agreement, the City shall use its best efforts to issue and sell the Bonds in one or more series in an amount sufficient to fund the Improvements in accordance with the schedule for development of the Developer Property.

## 2.2 Security for Payment of Special Taxes.

(a) Concurrently with the issuance and sale of each series of the Bonds, the owner of any land within the Community Facilities District which the City has determined, in its sole discretion, to use in the sizing of such series of Bonds (the "Sizing Property"), together with any Sizing Property owned by any affiliate (collectively, an "Account Party"), for which the Maximum Special Taxes for the then-current or following fiscal year (as defined in the Rate and Method of Apportionment of Special Tax for the Community Facilities District (the "Rate and Method") and such Special Tax referred to herein as the "Special Tax" or "Special Taxes"), are equal to or exceed 20% of the aggregate Maximum Special Taxes authorized to be levied on the Sizing Property in such fiscal year, shall deliver to the City either (i) a renewable irrevocable instrument of credit from a financial institution (rated "A" or better) and approved by the City, or (ii) cash in-lieu thereof (a "Security"). The Security shall be in an amount equal to 200% of the expected Special Tax levy on the property owned by such Account Party in the fiscal year following the fiscal year in which the Bonds are issued (the "Stated Amount"). For purposes of the Stated Amount, ownership of the Sizing Property shall be determined as of a date prior to the sale of the applicable series of Bonds as reasonably agreed upon by the City and the Account Party. The Security shall be maintained by the Account Party in each fiscal year until terminated in accordance with Section 2.2(c) below. While the Security is still required, the Stated Amount of such Security shall be reduced as set forth in a "Certificate of Reduction or Termination (as defined in Section 2.2(c) below).

The Security shall name the City, or its designee, as a beneficiary and shall provide that the City, or its designee, may draw an amount equal to any delinquencies in payment of semiannual installments of the Special Taxes levied on property owned by the Account Party in the Community Facilities District. The total amount to be drawn under the Security shall not exceed an amount equal to the Special Taxes owed by the Account Party with respect to property within the Community Facilities District that is delinquent at the time the draw is made. The amount drawn on the Security shall be applied in the same manner and for the same purposes as the delinquent Special Taxes would have been applied; provided, however the payment of a draw under the Security will not be deemed to cure the delinquency in payment of the Special Taxes.

If, subsequent to a draw on the Security and prior to the satisfaction of any reimbursements due to the institution providing the Security (the "Security Provider") pursuant to this Agreement, the City receives payment of all or a portion of the delinquent Special Taxes or the proceeds of a sale of delinquent real property pursuant to foreclosure proceedings ("Delinquency Proceeds") for a parcel for which the Security has been drawn, the Security Provider shall be reimbursed for such draws to the extent of Delinquency Proceeds net of the City's costs of collection, provided that the Security is or has been concurrently reinstated to, or a Substitute Security (as defined below) provided for, the then applicable Stated Amount. The Security Provider is intended by the Parties to be a third party beneficiary of this Section 2.2.

(b) The Security shall be renewed, or a substitute Security reasonably satisfactory to the City (a "Substitute Security") provided, not less than thirty (30) calendar days prior to the expiration of the Security or Substitute Security then in effect. If the Account Party provides a Substitute Security to the City, then the City or its designee, shall return any existing Security on the effective date of the Substitute Security to the Security Provider.

If the Security is not renewed within thirty (30) days prior to its expiration date and the requirements for release or termination of the Security as set forth in Section 2.2(c) below have

not then been met, the full amount of the Security may be drawn by the City and deposited in an account established under the Indenture (as hereinafter defined) or in such account established with a financial institution selected by the City. Thereafter, amounts in such account shall be held as security, and if Special Taxes owed by the Account Party with respect to property within the Community Facilities District are not paid prior to delinquency, then such amounts in such account may be applied by the City to pay the delinquent Special Taxes owed by the Account Party with respect to such property on the same terms and conditions applicable hereunder to draws on the Security.

At such time as the Security is renewed, or a Substitute Security is accepted by the City, or the requirement for the Security has been terminated pursuant to this section, the City or its designee, shall release all amounts in the Security account to the Security Provider within ten (10) calendar days from the date of renewal or acceptance.

(c) Following the sale or transfer by the Account Party of any property to a person other than the Account Party, or upon the prepayment of the Special Tax obligation for a parcel owned by the Account Party, the Account Party shall notify the Community Facilities District of such event, in writing, and, if requested by the Account Party, the Stated Amount of the Security shall be reduced and be recalculated in accordance with this Section 2.2; provided, however, that any costs associated with the recalculation and reduction shall be borne by the Account Party. Subject to Section 2.2(d) below, the Stated Amount may be reduced to an amount determined by the method of calculation set forth in Section 2.2(a) above. The Security shall be terminated when the Account Party has paid all Special Taxes in the current fiscal year and the Sizing Property owned by the Account Party is expected to be responsible for less than 20% of the Maximum Special Taxes in the next fiscal year.

Reduction or termination of a Security shall occur automatically upon submission to the Security Provider by the City of a "Certificate of Reduction or Termination." The City shall deliver to the Security Provider, such Certificate of Reduction or Termination promptly upon receiving from the Account Party a certification which shall be made under penalty of perjury and which shall indicate (i) the legal description of all land owned by the Account Party, and either (ii) a recalculation of the new Stated Amount that the Account Party proposes be applicable to the Security or (iii) if termination of the Security is requested, a statement that one of the requirements set forth in (i) through (iii) of the preceding paragraph have been satisfied.

The Account Party shall notify the City of any events that will result in a reduction of the Stated Amount of the Security and shall provide the City with verification of said events. The Account Party may provide the City with a Substitute Security in the reduced amount, and the City shall release and return to the Security Provider the Security then in effect. The Parties expressly acknowledge that the Account Party's failure to so notify the City or to reduce the Security at the times prescribed herein shall in no way effect or invalidate sale or transfer of property, or recordation of maps on property.

(d) If property is sold or transferred by an Account Party with the result that the land owned by the transferee or any of its affiliates ("Transferee") is responsible for twenty percent (20%) or more of the Maximum Special Tax in the current fiscal year, a Security on the same terms specified herein will be furnished by Transferee with respect to all land owned by such Transferee in the Community Facilities District. Any applicable purchase and sale agreement and/or escrow instructions shall notify the Transferee of this Security requirement and obligate the Transferee to provide such Security, if applicable. The Security of the Account Party will not be reduced to reflect the sale or transfer of land until a Security is furnished by the Transferee

and accepted by the City. The issuing financial institution and the form and terms of said Security will be subject to reasonable prior approval by the City. All terms provided in this Section 2.2 are applicable to the Transferee by replacing the term "Account Party" at each place where it occurs in each section with the term "Transferee." Each provider of a Security for a Transferee shall be an express third party beneficiary of the provisions of this Section 2.2.

Any costs related to the holding or maintaining the Security, including any fees of a fiscal agent, trustee or other depository shall be borne by the Account Party.

**2.3 Major Landowner Initial and Continuing Disclosure.** An owner of land which is responsible for twenty percent (20%) or more of the Special Tax in the fiscal year in which the Bonds are issued or in the fiscal year following the fiscal year in which the Bonds are issued (a "Major Landowner") will be required to provide all information regarding the development of its property, including the financing plan for such development, which is necessary to ensure that the official statement for such Bonds complies with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and all other applicable federal and state securities laws. Additionally, Developer acknowledges that, if it is a Major Landowner at the time of issuance of the Bonds, it will be necessary that Developer enter into a continuing disclosure agreement to provide such continuing disclosure pertaining to the development of the land owned by Developer within the Community Facilities District as necessary to assist the underwriter in complying with the continuing disclosure requirements of the Rule and/or to assist in the marketing of the Bonds.

**2.4 Bond Issuance Parameters.** The terms and conditions upon which each series of the Bonds shall be issued and sold, the method of sale of the Bonds and the pricing of the Bonds shall be determined solely by the City in its reasonable discretion in conformance with the requirements of Government Code Section 53313.5, the Act, the Policy, and this Agreement. The Bonds shall be issued with a term not to exceed 31 years and annual debt service on the Bonds shall be permitted to escalate by two percent (2%) per year consistent with the annual escalation of the Special Tax. The proceeds of the Bonds shall be used in the following priority to (1) fund a reserve fund for the payment of principal and interest with respect to the Bonds in an amount equal to the least of (i) ten percent (10%) of the total bond issue, (ii) maximum annual debt service on Bonds, or (iii) 125% of average annual debt service; (2) fund up to eighteen (18) months of capitalized interest; (3) pay for costs of issuance of the Bonds including, without limitation, underwriter's discount, bond counsel and disclosure counsel fees, appraisal and special tax consultant fees, printing, and fiscal agent fees; (4) pay for the costs of forming the Community Facilities District and any change proceedings for the Community Facilities District; and (5) pay for the actual costs of the Improvements. The Community Facilities District shall maintain records relating to the disbursements of proceeds of the sale of the Bonds. The Indenture or Resolution (hereinafter "Indenture") for the Bonds shall establish an acquisition and construction fund or improvement fund (herein, the "Improvement Fund") into which shall be deposited initially the proceeds of the Bonds net of the amount of proceeds required to fund items (1) through (4) in the second preceding sentence. The Indenture shall also establish separate accounts of the Improvement Fund designated the "City Improvements Account", and any Miscellaneous Improvement Accounts with respect to funds for the facilities described in **Exhibit "D"** if applicable, into which shall be deposited such portions of the Improvement Fund as directed by the City pursuant to consultation with the Developer and in writing at or subsequent to the closing of the sale of the Bonds consistent with the following priorities:

(a) An amount sufficient to fund the reasonable, current estimated cost of the City Improvements anticipated to be funded out of the Bonds being issued shall be deposited in the City Improvements Account;

(b) If applicable, an amount sufficient to fund the reasonable, current estimated cost of any Miscellaneous Improvements anticipated to be funded out of the Bonds being issued shall be deposited in the applicable Miscellaneous Account(s), if any, described in **Exhibit "D"** hereto.

The Indenture shall provide that amounts remaining in the Improvement Fund after funding all proposed Improvements or sooner, as specified by the City, shall be deposited in the special tax fund or bond service fund and be applied to pay debt service on the Bonds and/or to call Bonds in advance of maturity.

### SECTION 3. ALLOCATION OF SPECIAL TAXES

Prior to the issuance of Bonds, the City Council of the City, acting as the legislative body of the Community Facilities District, shall levy Special Taxes at the assigned special tax rate on all parcels classified as Developed Property pursuant to the Rate and Method. Such Special Taxes collected by the City shall first be applied to fund annual administrative expenses of the Community Facilities District and then to fund Improvements in the same manner as the proceeds of Bonds as set forth in Section 5 and Section 6 below. Prior to the issuance of Bonds, such Special Taxes collected by the City each fiscal year in excess of that required to fund annual administrative expenses of the Community Facilities District shall be deposited in a special fund of the City, which shall also be referred to as the City Improvements Account. Upon the issuance of the Bonds, such City Improvements Account shall be closed and all funds then remaining in it shall be transferred to the City Improvements Account of the Improvement Fund that is established with the issuance of the Bonds. Upon sale and delivery of the Bonds, the City shall annually levy the Special Tax as provided for in documents pursuant to which the Bonds were issued. Following the issuance of the Bonds, the City shall have no obligation to levy Special Taxes to reimburse the Developer for the costs of any Improvements not paid for from Bond proceeds. The entire amount of any Special Tax levied by the Community Facilities District to repay the Bonds and recover costs and expenses allowable pursuant to Government Code Section 53313.5, shall be allocated to the Community Facilities District.

### SECTION 4. NOTICE OF SPECIAL TAX

Developer, or Developer's successors or assigns, shall provide written notice to all potential purchasers of lots advising of the special tax obligation applicable to the Developer Property in the form required by Section 53341.5 of the Government Code.

### SECTION 5. CITY IMPROVEMENTS

The Developer may be required pursuant to the conditions of development or the City's development impact fee ordinance to pay certain City fees (the "City Fees") relating to the Improvements prior to the availability of proceeds of the Special Taxes or Bonds to pay for such Improvements. In the event such City Fees are paid prior to the availability of Special Taxes or Bond proceeds, the amounts paid to the City shall be deemed to be deposits (each a "Deposit") that are subject to refund by the City to the Developer in accordance with this Agreement. The City shall place each Deposit in a capital facilities account(s). If the Developer has made any Deposits to the City, then following deposit of Special Taxes or Bond proceeds in the City

Improvements Account, the City shall return to the Developer, from the capital account in which the Deposits were deposited an equal amount of the Deposits not previously returned, without interest or other earnings thereon. The City shall be so obligated to return such Deposits only to the extent that an equivalent amount of the Deposits to be returned is deposited in the City Improvements Account from Bond proceeds.

Bond proceeds used to finance Improvements which relate to the City Fees shall be allocated first for return of all Deposits prior to being allocated to the payment of City Fees not previously deposited by the Developer. Any Deposits that have not been returned to the Developer at the time it is determined that there will be no further Bond proceeds available (i.e. when the final series of Bonds to finance the Improvements have been issued) shall be retained by the City and may be used for the purposes for which the City Fee was required, and the unrefunded Deposits shall constitute full and final payment for such City Fees, without any increase of any kind.

Any City Fees paid (as Deposits) by the Developer shall be made with the understanding that such Deposits will be returned to the Developer if, and when, Special Taxes and Bond proceeds have been deposited to the City Improvements Account. The City shall expend any amounts disbursed to it from the City Improvements Account on capital facilities. The payment of Deposits prior to the availability of the Special Taxes and Bond proceeds in the City Improvements Account shall not be construed as a dedication or gift of the City Fees, or a waiver of the return of the Deposits, it being the intention that the City Fees be paid by Special Taxes and Bond proceeds to the extent of such Bond proceeds.

#### SECTION 6. MISCELLANEOUS IMPROVEMENTS.

Improvements unrelated to the City Improvements, if applicable, will be supplemented by the terms contained in an addendum which will appear as **Exhibit "D"** hereto. The amounts deposited in the applicable Miscellaneous Improvement Account(s), if any, will be disbursed for the acquisition or construction of Miscellaneous Improvements in accordance with the provisions in the applicable Joint Community Facilities Agreement(s), if any. Any amounts in the applicable Miscellaneous Improvement Account(s) shall be disbursed at the written direction of the City upon Developer's submittal of an addendum which will appear as the applicable entity's Certificate and the Disbursement Request Form provided for in the Joint Community Facilities Agreement(s). Upon receipt of the Disbursement Request Form, the City shall submit a written requisition for payment of the requested amount to trustee for the Bonds pay the amount requested to the applicable entity.

#### SECTION 7. INDEPENDENT CONTRACTOR

In performing this Agreement, Developer is an independent contractor and not the agent of the City. The City shall not have any responsibility for payment to any contractor or supplier of Developer. It is not intended by the parties that this Agreement create a partnership or joint venture among them and this Agreement shall not otherwise be construed.

#### SECTION 8. INDEMNIFICATION

Developer shall assume the defense of, indemnify and hold harmless, the City, its officers, employees and agents, and the Community Facilities District, its officers, employees and agents, from and against all actions, damages, claims, losses or expenses of every type and description to which they may be subject or put, by reason of, or resulting from the

Developer's performance of its obligations under this Agreement, the issuance of the Bonds, the construction of the Improvements, the failure of the Developer to provide notice of the special tax to be levied by the Community Facilities District pursuant to Section 53341.5 of the Act (but only if the Developer is required by law to provide such notice), or arising out of any alleged misstatements of fact or alleged omission of a material fact made by the Developer, its officers, directors, employees or agents to the City, the Community Facilities District, the underwriter of the Bonds and its counsel, the appraiser, the special tax consultant, the market absorption consultant or bond counsel regarding the Developer, its proposed developments, its property ownership, and any contractual arrangement it may enter into in a disclosure document describing the Community Facilities District and the risks relating to the Bonds. No provision of this Agreement shall in any way limit the extent of Developer's responsibility for payment of damages resulting from the operations of Developer and its contractors; provided, however that Developer shall not be required to assume the defense or indemnify and hold harmless the City, its officers, employees or agents, or the Community Facilities District, its officers, employees or agents, as to actions, damages, claims, losses or expenses resulting from negligence or willful misconduct of such person or entity.

#### SECTION 9. CONFLICT WITH OTHER AGREEMENTS

Except as specifically provided herein, nothing contained herein shall be construed as releasing Developer from any condition of development or requirement imposed by any other agreement with City. In the event of a conflicting provision, such other agreement shall prevail unless such conflicting provision is specifically waived or modified in writing by City.

#### SECTION 10. TERMINATION

The provisions of this Agreement related to the financing of the Improvements shall terminate and be of no further force or effect upon the earlier of (i) ten (10) years following the issuance of building permits for all dwelling units expected to be built within the Community Facilities District, (ii) the funding of all Improvements pursuant to this Agreement, or (iii) December 31, 2033. Notwithstanding the foregoing, this Agreement shall not terminate pursuant to (iii) of the previous sentence if, on December 31, 2033, all of the building permits within the Community Facilities District have been pulled, construction within the Community Facilities District, as contemplated by the parties hereto, is ongoing, and the Developer has not yet received a full return of all Deposits or full reimbursement for the Miscellaneous Improvements from Special Taxes. If the Community Facilities District is unable to sell the first series of Bonds after diligent, commercially reasonable efforts to do so, this Agreement shall terminate and be of no further force and effect.

Notwithstanding the foregoing, so long as the CFD has no outstanding debt or other financial obligations, the Developer may elect to terminate this Agreement upon written notice to the City and may request a notice of cessation of special tax be recorded against the Developer Property. Upon a finding by the City Council that the Special Tax is not required to be levied to satisfy the Special Tax Requirement (as defined in the Rate and Method) and all requirements to terminate the Special Tax under Section H of the Rate and Method have been satisfied or are no longer required, the City may: (i) record a notice of cessation of special tax in accordance with Section 53330.5 of the Act and (ii) the City Council will place on its next reasonably available agenda an ordinance to dissolve the CFD in accordance with Section 53338.5 of the Act. The Developer shall be responsible for reasonable City costs incurred relating to the dissolution of the CFD and recordation of required notices.



## SECTION 11. NOTICES

Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered or seventy-two (72) hours following deposit of the same in any United States Post Office in California, registered or certified, postage prepaid. Any notice to the Community Facilities District or the City shall be addressed to City of Lake Elsinore, 130 South Main Street, Lake Elsinore, CA 92530, Attention: City Manager. Any notice to Developer shall be addressed to Vista Emerald LLC, 1020 Second Street, Encinitas, CA 92024, Attention: Brett Crowder.

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

## SECTION 12. GENERAL PROVISIONS

(a) Amendment. This Agreement may be amended at any time but only in writing signed by each party hereto.

(b) Exhibits. All exhibits attached hereto are incorporated into this Agreement by reference.

(c) 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 reasonably possible.

(d) Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other parties hereto, or the failure by a party to exercise its rights upon the default of another party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other parties with the terms of this Agreement thereafter.

(e) No Third Party Beneficiaries. Except as provided explicitly in this Agreement, 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, the Community Facilities District, and Developer (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

(g) Assignment. Developer may assign all or any of its rights pursuant to this Agreement to a purchaser of all or any portion of the Developer Property. Such a purchaser and assignee shall, as a condition to taking an assignment of such rights, enter into an assignment and assumption agreement with the City and Developer, in a form reasonably acceptable to Developer and the City, whereby such rights assigned are specified and such purchaser agrees, except as may be otherwise specifically provided therein, to assume the obligations of Developer pursuant to this Agreement and to be bound thereby.

(h) 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.

(i) Construction of Agreement. This Agreement has been reviewed by legal counsel for both the City and Developer and shall be deemed for all purposes to have been jointly drafted by the City and Developer. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

(j) Attorneys' Fees. In the event of any action or proceeding, including an arbitration or a reference pursuant to Section 638, et seq., of the Code of Civil Procedure brought by any Party against any other under this Agreement, the prevailing Party shall be entitled to recover its actual attorneys' fees and all fees, costs and expenses incurred for prosecution, defense, consultation, or advice in such action or proceeding. In addition to the foregoing, the prevailing Party shall be entitled to its actual attorneys' fees and all fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

(k) Venue and Forum. Any action at law or in equity arising under this Agreement brought by any Party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed and tried in the Superior Court of the County of Riverside, State of California, and the Parties waive all provisions of law providing for the filing, removal or change of venue to any other Court.

(l) Entire Agreement. Except as provided in an addendum, which if applicable, will appear as **Exhibit "D"** hereto, this Agreement sets forth and contains the entire understanding and agreement of the parties. There are no oral or written representations, understandings, undertakings or agreements, which are not contained or expressly referred to herein, and any such representations, understandings or agreements are superseded by this Agreement. No evidence of any such representations, understandings or agreements shall be admissible in any proceeding of any kind or nature relating to the terms or conditions of this Agreement, its interpretation or breach.

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

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

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

ATTEST:

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

APPROVED AS TO FORM:

CITY ATTORNEY OF THE CITY OF LAKE ELSINORE

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

*[SIGNATURES CONTINUED ON NEXT PAGE.]*

*[SIGNATURE PAGE CONTINUED]*

VISTA EMERALD, LLC,  
a California limited liability company

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

## **LIST OF EXHIBITS**

EXHIBIT A - DESCRIPTION OF DEVELOPER PROPERTY

EXHIBIT B - DESCRIPTION OF COST ESTIMATES

EXHIBIT C - DISBURSEMENT REQUEST FORM

EXHIBIT D - ADDENDUM

## **EXHIBIT A**

### **DESCRIPTION OF DEVELOPER PROPERTY**

#### **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

## EXHIBIT B

### DESCRIPTION OF COST ESTIMATES

The Improvements consist of the City Improvements, as described below. Any other types of Improvements will be described in an addendum to this Agreement appearing as Exhibit "E."

#### I. CITY IMPROVEMENTS.

City facilities included in the City's development fee programs used to finance expansion projects, exclusive of in-tract facilities constructed by a property owner, but including and not limited to the following.

Estimated Cost of the City Improvements	
<i><b>Description</b></i>	<i><b>Estimated Cost</b></i>
Park Facilities	\$ 305,600
Traffic Facilities	261,479
Library Facilities	28,650
City Hall & Public Works Facilities	154,519
Community Center Facilities	104,095
Lakeside/Marina Facilities	148,789
Animal Shelter Facilities	66,468
Fire Facilities	143,441
Storm Drainage Facilities	61,884
Other City Facilities	254,985
<b>Total Fees</b>	<b><u>\$ 1,529,910</u></b>

**EXHIBIT C**

**CFD NO. 2023-2 (COASTAL MISSION TRAILS)  
OF THE CITY OF LAKE ELSINORE**

**DISBURSEMENT REQUEST FORM**

1. Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) (the "CFD") is hereby requested to pay from the City Improvements Account, or any applicable account or sub-account thereof, established by the CFD in connection with its [20\_\_] Special Tax Bonds (the "Bonds") to City of Lake Elsinore (the "City") as payee, the sum set forth below :

\$\_\_\_\_\_ (the Requested Amount")

2. The Requested Amount represents the payment of City Fees for \_\_\_\_ lot(s) within the boundaries of the CFD (the "Property").

(Tract No. \_\_\_\_\_, Lot Nos. \_\_\_\_\_).

3. The Requested Amount is due and payable, has not formed the basis of any prior request or disbursement.

4. The Requested Amount shall be payable to \_\_\_\_\_ (the "Developer"), pursuant to the wiring instructions attached hereto.

5. The Requested Amount is authorized and payable pursuant to the terms of the certain Funding Agreement (the "Agreement") between the City, acting for and on behalf of itself and the CFD and Developer.



6. Capitalized undefined terms used herein shall have the meaning ascribed to them in the Agreement.

Dated: \_\_\_\_\_

DEVELOPER:

VISTA EMERALD, LLC, a California limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

CITY OF LAKE ELSINORE

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

Its: \_\_\_\_\_

[ATTACH WIRING INSTRUCTIONS]

## EXHIBIT D

### ADDENDUM

#### DESCRIPTION AND COST ESTIMATES OF THE MISCELLANEOUS IMPROVEMENTS

##### I. ELSINORE VALLEY MUNICIPAL WATER DISTRICT IMPROVEMENTS.

The construction, purchase, modification, expansion, rehabilitation and/or improvement of 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 Facilities"), and all appurtenances and appurtenant work in connection with the foregoing Water Facilities.

Estimated Cost of the Water District Improvements	
<i><b>Description</b></i>	<i><b>Estimated Cost</b></i>
Water Meter Fees (3/4" Meter)	\$3,143,096
Regional Sewer Fee	1,779,356
Landscape Meter Fee	109,324
<b>Total Fees</b>	<b><u>\$ 5,031,776</u></b>

##### II. LAKE ELSINORE UNIFIED SCHOOL DISTRICT IMPROVEMENTS.

School facilities of the Lake Elsinore Unified School District (the "School District") which are included in the School District's school fee programs, including all costs of site acquisition, planning, design, engineering, legal services, materials testing, coordination, surveying, construction staking, construction inspection and any and all appurtenant facilities and appurtenant work relating to the foregoing.

Estimated Cost of the School District Improvements	
<i><b>Description</b></i>	<i><b>Estimated Cost</b></i>
School Facility Fees	\$ 2,042,263
<b>Total Fees</b>	<b><u>\$ 2,042,263</u></b>

JOINT COMMUNITY FACILITIES AGREEMENT

by and among

CITY OF LAKE ELSINORE,

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

and

VISTA EMERALD, LLC.

RELATING TO

COMMUNITY FACILITIES DISTRICT NO. 2023-2

OF THE CITY OF LAKE ELSINORE

Dated \_\_\_\_\_, 2023

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**JOINT COMMUNITY FACILITIES AGREEMENT BY AND AMONG  
CITY OF LAKE ELSINORE,  
ELSINORE VALLEY MUNICIPAL WATER DISTRICT  
AND  
VISTA EMERALD, LLC**

**(Community Facilities District No. 2023-2 of the City of Lake Elsinore)**

THIS JOINT COMMUNITY FACILITIES AGREEMENT ("**Agreement**") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2023, by and among the ELSINORE VALLEY MUNICIPAL WATER DISTRICT, County of Riverside, State of California, a municipal water district ("**EVMWD**"), organized and operating pursuant to the Municipal Water District Law of 1911 of the California Water Code, the CITY OF LAKE ELSINORE, a general law city organized and operating under the laws of the State of California ("**City**"), and VISTA EMERALD, LLC, a California limited liability company ("**Developer**"). The parties hereto may be referred to in some instances as a party ("**Party**") or parties ("**Parties**").

**R E C I T A L S**

A. Developer owns certain real property located within the boundaries of both the City and EVMWD and designated as Tract Map No. 38378 ("**Property**"). The boundaries of the Property are identified in Exhibit "A" attached hereto. The Developer is obtaining entitlements to develop the Property with approximately 191 detached dwelling units (collectively, the "**Project**").

B. Development of the Project will require the payment, pursuant to the rules and regulations of EVMWD, as amended from time to time ("**EVMWD Rules and Regulations**"), of certain water and sewer service capacity and connection charges ("**EVMWD Costs**"), proceeds of which will be used by EVMWD to construct water and sewer facilities of EVMWD as further described herein ("**EVMWD Facilities**"). Developer may also construct water and sewer facilities of EVMWD, which are eligible to be acquired with CFD Proceeds as further described herein ("**EVMWD Acquisition Facilities**"), the costs of which, together with EVMWD Costs, may be paid from time to time from funds of hereinafter described CFD No. 2023-2 to the extent such funds are made available to finance EVMWD Facilities and EVMWD Acquisition Facilities.

C. Pursuant to actions of the City, the City has formed CFD No. 2023-2 pursuant to the provisions of the Act (as defined herein). The Parties herein have acknowledged and agreed that the City shall be solely responsible for the formation and administration of the CFD No. 2023-2 and the costs thereof.

D. In accordance with Sections 53313.5 and 53316.2 of the Act, CFD No. 2023-2 may finance facilities to be owned or operated by EVMWD. It is the intention of the Parties that this Agreement shall constitute a "joint community facilities agreement" ("**JCFA**") within the meaning of Section 53316.2 of the Act by and among the City, EVMWD and the Developer, pursuant to

which CFD No. 2023-2 will be authorized to provide financing for the EVMWD Facilities and the EVMWD Acquisition Facilities. Pursuant to Section 53316.2(b) of the Act, a JCFA may be approved by two or more public agencies prior to the adoption of a resolution authorizing the issuance of bonds. As provided by Section 53316.6 of the Act, the EVMWD shall be responsible for constructing or otherwise acquiring, maintaining and operating the EVMWD Facilities and the EVMWD Acquisition Facilities.

E. The provision of the EVMWD Facilities and the EVMWD Acquisition Facilities is necessitated by the Project, and the Parties find and determine that the residents of the City, EVMWD and CFD No. 2023-2 will be benefited by the financing of the EVMWD Facilities and the EVMWD Acquisition Facilities as set forth herein, and that this Agreement is beneficial to the interests of such residents.

## **ARTICLE I**

### **GENERAL PROVISIONS**

**Section 1.1    Recitals.** The above recitals are true and correct and are hereby incorporated by this reference.

**Section 1.2    Definitions.**

Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified.

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311, *et seq.*

"**Agreement**" means this Joint Communities Facilities Agreement.

"**Bond Resolution**" means that Resolution, Resolution Supplement, Fiscal Agent Agreement, and/or other equivalent document(s), providing for the issuance of the Bonds.

"**Bonds**" shall mean those bonds, or other securities, issued by, or on behalf of, as authorized by the qualified electors within CFD No. 2023-2.

"**CFD No. 2023-2**" means Community Facilities District No. 2023-2 of the City of Lake Elsinore.

"**CFD Proceeds**" shall mean those net funds generated by the sale of the Bonds, or other securities issued on behalf of or for the benefit of CFD 2023-2, and Special Taxes made available to finance EVMWD Facilities and EVMWD Acquisition Facilities.

"**City Council**" means the City Council of the City of Lake Elsinore.

**"EVMWD Acquisition Facilities"** means those sewer and water facilities constructed by the Developer or anticipated to be constructed by the Developer, and eligible to be acquired with CFD Proceeds, as described in Exhibit "C" hereto.

**"EVMWD Facilities"** means those public water and sewer facilities necessary to be funded by the EVMWD Costs as generally described in Exhibit "B" and which have not been previously funded with CFD Proceeds.

**"EVMWD Facilities Fund"** means the fund(s) or account(s) into which a portion of the CFD Proceeds may be deposited in accordance with the Bond Resolution for payment of EVMWD Costs applicable to the Property and for acquisition of the EVMWD Acquisition Facilities.

**"Rate and Method"** means the Rate and Method of Apportionment of the Special Tax expected to be authorized for levy and collection pursuant to proceedings undertaken for the formation of CFD No. 2023-2 pursuant to the Act.

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

**"Special Taxes"** means the special taxes expected to be authorized to be levied and collected pursuant to the final Rate and Method as approved by CFD No. 2023-2.

Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate. Headings of sections herein are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

All references herein to "Sections" and other subdivisions are to the corresponding Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or subdivision hereof.

## **ARTICLE II**

### **FORMATION OF CFD AND ISSUANCE OF BONDS**

**Section 2.1 Formation of CFD No. 2023-2.** The City has initiated proceedings pursuant to the Act for the formation of CFD No. 2023-2, the authorization of the Special Taxes within CFD No. 2023-2, and the authorization to issue one or more series of Bonds on behalf of CFD No. 2023-2. Nothing contained herein shall be deemed to limit the discretion of the City in that regard and the City shall have no liability to EVMWD if CFD

No. 2023-2 is not formed or if the Special Taxes and Bonds are not authorized by the qualified electors therein.

**Section 2.2 Issuance and Sale of Bonds.** In the event CFD No. 2023-2 is formed and the Special Taxes and Bonds are authorized, the City Council, acting as the Legislative Body of CFD No. 2023-2, may, in its sole discretion, in accordance with its adopted policies ("**CFD Policies**") adopt the Bond Resolution and issue the Bonds.

**Section 2.3 CFD Proceeds.** Upon completion of the issuance of the Bonds, and receipt of the CFD Proceeds, the City shall determine the amount of the CFD Proceeds allocable to finance the EVMWD Costs to be used by EVMWD to construct the EVMWD Facilities to accommodate development of the Property and the EVMWD Acquisition Facilities in accordance with the CFD Policies. CFD No. 2023-2 may pay the EVMWD Costs applicable to the Property directly to EVMWD, may reimburse EVMWD for the EVMWD Costs paid by EVMWD, may pay the acquisition price of EVMWD Acquisition Facilities and/or may reimburse the Developer for the EVMWD Costs if paid directly to EVMWD by such Developer or any owner of the Property, as shall be coordinated with EVMWD and the Developer from time to time. EVMWD and/or the Developer shall use the Payment Request Form set forth as Exhibit "D", which is attached hereto and incorporated herein by this reference, to request payment of funds in the EVMWD Facilities Fund.

**Section 2.4 Responsibility for EVMWD Costs and Facilities.**

(a) The Parties hereto acknowledge and agree that the final responsibility for the payment of the EVMWD Costs and the design, construction and dedication of the EVMWD Acquisition Facilities constructed by the Developer and the cost(s) of facilities required by EVMWD to be provided by the Developer to provide water and sewer service to the Project lies with the Developer as set forth in the exhibits hereto. The responsibility for, and control of, the design, construction and completion of facilities required to provide water and sewer service to the Project constructed and completed by EVMWD lies with EVMWD.

(b) If the amount derived from CFD Proceeds, including investment earnings thereon, if any, are not sufficient to fund the total cost of the EVMWD Costs or EVMWD Acquisition Facilities for the Project, the Parties hereto agree that all responsibility and liability for the amount of such shortfall(s) shall be and remain with the Developer and shall not lie with the City, CFD No. 2023-2, or EVMWD.

(c) In addition to the EVMWD Costs referenced above, the Parties acknowledge that EVMWD may require the Developer, pursuant to the EVMWD Rules and Regulations, to design, construct and dedicate certain facilities to EVMWD, including, without limitation, the EVMWD Acquisition Facilities, as a condition to providing water and sewer service to the Project. The Parties hereto agree and acknowledge that all responsibility and obligation for the design, construction and dedication of such facilities to EVMWD, in accordance with all applicable



statutes and the EVMWD Rules and Regulations, shall be and remain the responsibility of the Developer.

(d) EVMWD and the Developer acknowledge that the Developer intends to construct the EVMWD Acquisition Facilities. In order to ensure that the EVMWD Acquisition Facilities are eligible for community facilities district financing:

1. The EVMWD Acquisition Facilities must be constructed as if under the supervision or direction of EVMWD. EVMWD shall supervise and direct the work pursuant to the Public Works Provisions set forth in Exhibit “E” (the “**Public Works Provisions**”).

2. The acquisition purchase price for the EVMWD Acquisition Facilities will be equal the actual cost of construction of the EVMWD Acquisition Facilities, notwithstanding any estimates in this Agreement.

3. The Developer will be constructing the EVMWD Acquisition Facilities prior to the availability of CFD Proceeds that may be used to pay for such EVMWD Acquisition Facilities. Prior to the availability of CFD Proceeds, EVMWD will inspect the EVMWD Acquisition Facilities, approve the construction of the EVMWD Acquisition Facilities, and sign off on payment requests for costs incurred by the Developer upon satisfactory completion of the EVMWD Acquisition Facilities. The Developer may convey the EVMWD Acquisition Facilities to EVMWD, and EVMWD may accept the EVMWD Acquisition Facilities in accordance with this Agreement, when there are insufficient CFD Proceeds to pay the purchase price of such EVMWD Acquisition Facilities. EVMWD will defer the payment of any approved payment requests for the construction costs of the EVMWD Acquisition Facilities until there are sufficient CFD Proceeds available to pay the purchase price of the EVMWD Acquisition Facilities, at which time EVMWD will make the payments but only out of the CFD Proceeds made available to EVMWD for such purpose. If the CFD Proceeds are not sufficient or made available to finance all or any part of the purchase price of the EVMWD Acquisition Facilities, for whatever reason, EVMWD will not be responsible for paying the purchase price of the EVMWD Acquisition Facilities to the Developer. At all times, the Developer will be constructing such EVMWD Acquisition Facilities with the expectation that the purchase price for the EVMWD Acquisition Facilities will be paid from the CFD Proceeds, if and to the extent the CFD proceeds are sufficient and available to pay the purchase price. The Developer’s conveyance of the EVMWD Acquisition Facilities to EVMWD pursuant to this Agreement prior to receipt of all or any part of the purchase price shall not be construed as a dedication or gift, or a waiver of the payment of all or any part of the purchase price for the EVMWD Acquisition Facilities.

4. Notwithstanding any language in this Agreement to the contrary, the Developer will pay the costs of the EVMWD Acquisition Facilities using its own funds, but with the expectation that the EVMWD Acquisition Facilities will be acquired by EVMWD using CFD Proceeds, if and to the extent the CFD proceeds are sufficient and available to pay the purchase price.

(e) EVMWD agrees to utilize or apply funds provided to it, as set forth herein, for the EVMWD Costs and/or EVMWD Acquisition Facilities.

(f) EVMWD expressly acknowledges that the Bonds are subject to Federal tax requirements applicable to the tax-exempt securities. EVMWD expressly confirms and warrants to the City that the EVMWD Facilities financed hereunder have not been previously financed with the proceeds of other tax-exempt securities or bonds. EVMWD agrees to promptly provide written notice to the City of any such financing of EVMWD Facilities financed hereunder until the issuance of the Bonds.

**Section 2.5 Responsibility for Debt Service or Special Taxes.** EVMWD's obligations under this Agreement shall be limited to its obligations with respect to the design, construction, ownership, operation and maintenance of the EVMWD Facilities to be funded by the EVMWD Costs and EVMWD shall have no obligation, responsibility, or authority with respect to the issuance and sale of the Bonds, or the payment of the principal and interest thereon, or for the levy of the Special Taxes to provide for the payment of principal and interest thereon, and CFD No. 2023-2 shall have the sole authority and responsibility for all such matters.

The Parties hereto specifically agree that the liabilities of CFD No. 2023-2, including liabilities, if any, of CFD No. 2023-2 and pursuant to the documents providing for the issuance of Bonds, including the Bond Resolution, shall not be or become liabilities of EVMWD.

**Section 2.6 Administration of CFD No. 2023-2.** The City shall have the power and duty to provide for the administration of CFD No. 2023-2 and once it is formed, including employing and compensating all consultants and providing for the various other administration duties set forth in this Agreement. It is understood and agreed by the Parties hereto that EVMWD will not be considered a participant in the proceedings relative to formation of CFD No. 2023-2 or the issuance of the Bonds, other than as a Party to this Agreement.

### **ARTICLE III** **TERM AND TERMINATION**

**Section 3.1 Effective Date.** This Agreement shall become effective and of full force and effect as of the date ("Effective Date") that both of the following occur: (1) this Agreement is approved and executed by the last of EVMWD, the Developer and the City, to be confirmed upon execution of this Agreement by the authorized representatives of the Parties; and (2) CFD No. 2023-2 has been formed, as evidenced by the recordation of a Notice of Special Tax Lien against the Property.

**Section 3.2 Termination.** If the City is unable to complete the sale of the Bonds prior to January 1, 2040, this Agreement shall thereafter automatically terminate and be of no further force or effect.

## **ARTICLE IV**

### **ADDITIONAL GENERAL PROVISIONS**

**Section 4.1 Recordkeeping: Inspection of Records.** Each Party hereto agrees to keep and maintain full and accurate records of all amounts, and investment earnings, if any, paid to EVMWD for the EVMWD Facilities as to the respective portions of the Property and amounts expended from the EVMWD Facilities Account. Each Party further agrees to make such records available to the other Party hereto during normal business hours upon reasonable prior notice. All such records shall be kept and maintained by the appropriate Party as provided by applicable law and their respective policies.

**Section 4.2 Partial Invalidity.** 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 reasonably possible.

**Section 4.3 Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto. This Agreement may not be assigned without the prior written consent of the other Parties hereto, and any such non-consented assignment shall be void. Such assignee shall, as a condition to taking an assignment of such rights, enter into an assignment and assumption agreement with the City, EVMWD and the Developer, in a form reasonably acceptable to the City EVMWD, and the Developer, whereby such rights assigned are specified and such assignee agrees, except as may be otherwise specifically provided therein, to assume the obligations of the Developer pursuant to this Agreement and to be bound thereby. This Agreement is for the sole benefit of the City, EVMWD, and the Developer and their successors and assigns, and no other person or entity shall be deemed to be a beneficiary hereof or have an interest herein.

**Section 4.4 Indemnification.** The City shall assume the defense of, indemnify and save harmless, EVMWD, its officers, employees and agents, and each and every one of them, 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 resulting from, any act or omission of the City with respect to this Agreement and the issuance of the Bonds. No provision of this Agreement shall in any way limit the extent of the City's responsibility for payment of damages resulting from the operations of the City and its contractors; provided, however, that the City shall not be required to indemnify any person or entity as to damages resulting from negligence or willful misconduct of such person or entity or their agents or employees. EVMWD shall assume the defense of, indemnify and save harmless, the City, its officers, employees and agents, and each and every one of them, 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 resulting from, any act or omission of EVMWD with respect to this Agreement, and the design, engineering and construction of the EVMWD Facilities. No provision of this Agreement shall in any way limit the extent of EVMWD's responsibility for payment of damages resulting from the operations of EVMWD and its contractors; provided, however, that EVMWD shall not be required to indemnify any person or entity as to damages resulting from negligence or willful misconduct of such person or entity or their agents or employees. The Developer shall assume the defense of,

indemnify and save harmless, EVMWD and the City, each of their officers, employees and agents, and each and every one of them, 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 resulting from, any act or omission of the Developer with respect to this Agreement, and the design, engineering and construction of the EVMWD Facilities. No provision of this Agreement shall in any way limit the extent of the Developer's responsibility for payment of damages resulting from the operations and/or development of the Property and its contractors; provided, however, that the Developer shall not be required to indemnify any person or entity as to damages resulting from negligence or willful misconduct of such person or entity or their agents or employees.

**Section 4.5    Notice.** Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any Party or other person shall be deemed to have been received when personally delivered or upon deposit of the same in the United States Post Office registered or certified, postage prepaid, addressed as follows:

City:	City of Lake Elsinore 23873 Clinton Keith Road Lake Elsinore, CA 92595 Attention: Assistant City Manager / PW Director
EVMWD:	Elsinore Valley Municipal Water District 31315 Chaney Street Lake Elsinore, CA 92530 Attention: General Manager
Developer:	Vista Emerald, LLC 1020 2 <sup>nd</sup> Street, Suite C Encinitas, CA 92024 Attention: Project Manager

Each Party can change its address for delivery of notice by delivering written notice of such change or address to the other parties within ten (10) calendar days prior to such change.

**Section 4.6    Captions.** The captions to Sections used herein are for convenience purposes only and are not part of this Agreement.

**Section 4.7    Governing Law and Venue.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and performed in such State. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in the County of Riverside, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

**Section 4.8 Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the matters provided for herein and supersedes all prior agreements and negotiations between the Parties with respect to the subject matter of this Agreement.

**Section 4.9 Amendments.** This Agreement may be amended or modified only in writing executed by the authorized representative(s) of each of the Parties hereto.

**Section 4.10 Waiver.** The failure of any Party hereto to insist on compliance within any of the terms, covenants or conditions of this Agreement by any other Party hereto, shall not be deemed a waiver of such terms, covenants or conditions of this Agreement by such other Party, nor shall any waiver constitute a relinquishment of any other right or power for all or any other times.

**Section 4.11 Cooperation and Execution of Documents.** The Parties hereto agree to complete and execute any further or additional documents which may be necessary to complete or further the terms of this Agreement.

**Section 4.12 Attorneys' Fees.** In the event of the bringing of any action or suit by any Party against another Party arising out of this Agreement, the Party in whose favor final judgment shall be entered shall be entitled to recover from the other Parties all costs and expenses of suit, including reasonable attorneys' fees.

**Section 4.13 No Third Party Beneficiaries.** No person or entity other than the CFD No. 2023-2 when and if formed 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 EVMWD, the City, CFD No. 2023-2, and the Developer (and their respective successors and assigns), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

**Section 4.14 Exhibits.** The following exhibits attached hereto are incorporated into this Agreement by reference.

<u>Exhibit</u>	<u>Description</u>
“A”	Property Description
“B”	Water and Sewer Facilities Descriptions
“C”	EVMWD Acquisition Facilities Description
“D”	Payment Request Form – Water/Sewer Facilities
“E”	Public Works Provisions

**Section 4.15 Signatories.** The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the party for whom they sign.

**Section 4.16 Execution in Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Remainder of this page is blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year written alongside their signature below.

EVMWD:

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

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

Title: \_\_\_\_\_

Date Signed:

Approved by Governing Board: \_\_\_\_\_, 2023

DEVELOPER:

VISTA EMERALD, LLC,  
a California limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

[Joint Community Facilities Agreement Signature Page]

City: CITY OF LAKE ELSINORE

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

Name: \_\_\_\_\_

Date Signed: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

[Joint Community Facilities Agreement Signature Page]



## **EXHIBIT "A"**

### **PROPERTY DESCRIPTION**

Real property in the County of Riverside, State of California, included within the following assessor parcels ("APN"):

370-050-019

370-050-020

370-050-032

## **EXHIBIT "B"**

### **WATER AND SEWER FACILITIES DESCRIPTION**

1. Water source, storage, transmission facilities financed through EVMWD water connection and capacity fees and charges, including, but not limited to, water transmission lines, water reservoirs and related and appurtenant facilities. Further description(s) and cost(s) of these facilities are on file with EVMWD and are incorporated herein by this reference.

2. Sewer treatment, transmission and reclamation facilities financed through EVMWD sewer fees. Further description(s) and cost(s) of these facilities are on file with EVMWD and are incorporated herein by this reference.

## **EXHIBIT "C"**

### **EVMWD ACQUISITION FACILITIES DESCRIPTION**

#### Description of Acquisition Facilities:

1. Onsite Water and Sewer Improvements \*

\*The facilities listed above are preliminary in nature. The final description, scope, cost and location will be determined upon the preparation of final plans.

**EXHIBIT “D”**

**PAYMENT REQUEST FORM - WATER/SEWER FACILITIES**

Community Facilities District No. 2023-2 of the City of Lake Elsinore is hereby requested to pay from the EVMWD Facilities Fund to the person, corporation, or other entity designated below as Payee, the sum set forth below such designation, in payment of the water/sewer Project Costs described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the water/sewer Project Costs described below and has not formed the basis of any prior request for payment.

Payee: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Amount:     \$ \_\_\_\_\_  
\_\_\_\_\_

Project Costs Description:

*(Include identification of lots or APN's where request is made for fees)*

REQUESTING PARTY (check box)

☐     **ELSINORE    VALLEY    MUNICIPAL  
          WATER DISTRICT**

☐     \_\_\_\_\_  
          (Name of requesting party - please print)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

## **EXHIBIT “E”**

### **PUBLIC WORKS PROVISIONS**

In order to ensure that the EVMWD Acquisition Facilities will be constructed as if it had been constructed under the direction and supervision, or under the authority of, EVMWD, so that they may be acquired pursuant to California Government Code Section 53313.5 or so that the value or cost, whichever is less, of portions thereof constituting work in-kind may be reimbursed pursuant to California Government Code Section 53314.9, for the EVMWD Acquisition Facilities, the Developer shall comply with all of the following requirements or shall cause such requirements to be complied with:

- (a) The Developer shall solicit and receive at least three independent bids; provided, however, the Developer may proceed with fewer than three bids if three bids were not reasonably available at the time of the bid.
- (b) Bids shall be submitted to the Developer either via hard copy or email.
- (c) The contract for the construction of the EVMWD Acquisition Facilities shall be awarded to the responsible bidder submitting the lowest responsive bid for the construction of the EVMWD Acquisition Facilities or, if the Developer elects to perform the work pursuant to Section 53329.5 of the Act, the Developer shall perform the work at the prices specified in the bid of the lowest responsible bidder. If EVMWD reasonably disapproves any such contractor, the Developer will select the next lowest responsible bidder from the competitive bids received who is acceptable to the Developer and EVMWD.
- (d) The Developer shall require, and the specifications and bid and contract documents shall require, all contractors engaged to perform work on the EVMWD Acquisition Facilities to pay prevailing wages and to otherwise comply with applicable provisions of the California Labor Code.
- (e) The Developer and all such contractors shall comply with such other requirements relating to the construction of the EVMWD Acquisition Facilities as EVMWD may impose by written notification delivered to the Developer and each such contractor, to the extent required as a result of changes in applicable State or federal laws or the ordinances and policies of EVMWD.
- (f) The Developer shall provide proof to EVMWD, at such intervals and in such form as EVMWD may require, that the foregoing requirements have been satisfied as to all of the EVMWD Acquisition Facilities.

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**JOINT COMMUNITY FACILITIES AND  
SCHOOL FACILITIES FUNDING AGREEMENT**

**by and among**

**THE CITY OF LAKE ELSINORE,  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT**

**AND**

**VISTA EMERALD, LLC**

**RELATING TO**

**COMMUNITY FACILITIES DISTRICT NO. 2023-2  
OF THE CITY OF LAKE ELSINORE**

**Dated \_\_\_\_\_, 2023**

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**JOINT COMMUNITY FACILITIES AND  
SCHOOL FACILITIES FUNDING AGREEMENT  
BY AND AMONG  
THE CITY OF LAKE ELSINORE,  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
AND  
VISTA EMERALD, LLC**

**(Relating to Community Facilities District  
No. 2023-2 of the City of Lake Elsinore)**

**THIS JOINT COMMUNITY FACILITIES AND SCHOOL FACILITIES FUNDING AGREEMENT** (“Agreement”) is made and entered into by and among **THE CITY OF LAKE ELSINORE**, a general law city organized and operating under the laws of the State of California (“City”), the **LAKE ELSINORE UNIFIED SCHOOL DISTRICT**, a California public school district organized and existing pursuant to California law (“School District”), and **VISTA EMERALD, LLC**, a California limited liability company (“Owner” or “Property Owner”).

**RECITALS:**

A. Owner owns certain real property located within the boundaries of both the City and the School District and designated as Riverside County Tract Map No. 38378 (“Property”). The boundaries of the Property are depicted in Exhibit “A” attached hereto. The Property Owner has obtained entitlements to develop the Property with approximately 191 attached dwelling units (collectively, the “Project”).

B. The development of the Project will require that the School District provide additional School Facilities (defined below) to accommodate the students who will be generated by the development of the Project. The Property Owner and the School District have agreed that, in lieu of the Property Owner paying School Fees (as defined herein) at the time a Certificate of Compliance is issued to the School District, the School District shall receive Mitigation Amounts (as defined herein) at the time a Certificate of Compliance is issued, in accordance with the terms of this Agreement. The Parties anticipate that some or all of the Mitigation Amounts shall be payable from Bond Proceeds (as defined herein) of the hereinafter described Community Facilities District (“CFD”). The City Facilities (as defined herein) and School Facilities are in certain instances herein collectively referred to herein as the “Facilities.”

C. Pursuant to actions of the City, the City has formed the CFD pursuant to the provisions of the Act (as defined herein). The Parties herein have acknowledged and agreed that the City shall be solely responsible for the formation and administration of the CFD including the costs thereof.

D. In accordance with Sections 53313.5 and 53316.2 of the Act, the CFD may finance facilities to be owned or operated by the School District. It is the intention of the Parties that this Agreement shall constitute a “joint community facilities agreement” (“JCFA”) within the meaning of

Section 53316.2 of the Act by and among the City, School District and the Property Owner pursuant to which the CFD will be authorized to provide financing for the School Facilities. Pursuant to Section 53316.2(b) of the Act, a JCFA may be approved by two or more public agencies prior to the adoption of a resolution authorizing the issuance of bonds. As provided by Section 53316.6 of the Act, the City shall be responsible for constructing or otherwise acquiring, maintaining and operating the City Facilities, and the School District shall be responsible for constructing or otherwise acquiring, maintaining and operating the School Facilities.

E. The provision of the City Facilities and the School Facilities is necessitated by the Project, and the Parties find and determine that the residents of the City, School District and CFD will be benefited by the financing of the City Facilities and School Facilities as set forth herein, and that this Agreement is beneficial to the interests of such residents.

## **ARTICLE I**

### **GENERAL PROVISIONS**

#### **Section 1.1     Recitals.**

The above recitals are true and correct and are hereby incorporated as effective and operative provisions of this Agreement.

#### **Section 1.2     Definitions.**

Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified.

(a) “Act” means the Mello-Roos Community Facilities Act of 1982, as amended, commencing with California Government Code Section 53311, *et seq.*

(b) “Agreement” means this Joint Communities Facilities and School Facilities Funding Agreement.

(c) “Amount per Square Foot” means an amount equal to (a) 130% of the School District’s applicable Level I Fees or Level II Fees then in effect (or comparable provisions of Statutory Fees, if Level II Fees or Level I Fees are no longer in effect due to a change in State law) or

(b) 100% of the School District’s Level III Fees then in effect if the School District is authorized to charge Level III Fees (or comparable provisions of Statutory Fees, if Level III Fees are no longer in effect due to a change in State law). The Amount per Square Foot is \$6.23 as the date hereof.

(d) “Assessable Square Feet” means, for each residential dwelling unit within the Project, the total square feet of assessable internal living space for such unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structures (i.e., uninhabitable storage structures), other structures not used as living space or any other square footage excluded under California Government Code Section 65995.

(e) “Bond Proceeds” shall mean those net funds generated by the sale of Bonds.



(f) “Bond Resolution” means that Resolution, Resolution Supplement, Fiscal Agent Agreement, Indenture of Trust and/or other equivalent document(s) providing for the issuance of Bonds.

(g) “Bonds” shall mean those bonds, or other securities, issued by, or on behalf of, the CFD, as authorized by the qualified electors within the CFD.

(h) “Certificate of Compliance” means a certificate issued by School District pursuant to California Education Code Section 17620(b) for purposes of certifying that Property Owner has paid or satisfied the applicable Deposit or Mitigation Amount needed to obtain a one or more building permits for development to occur within the Property.

(i) “CFD” means Community Facilities District No. No. 2023-2 of the City.

(j) “City Facilities” means the facilities which may be financed by the CFD to be constructed, acquired, owned and/or operated by the City as described in the formation proceedings of the CFD.

(k) “Credit Account” means a fund, account or sub-account, regardless of how designated, held by, or on behalf of, the School District and applied and accounted for as set out in Section 2.5 hereof.

(l) “Deposit” means, in each case, the funds advanced to School District by Property Owner, in accordance with Section 2.2 herein, as a condition to issuance by the School District of a Certificate of Compliance.

(m) “Disbursement Request” means a request for payment relating to School Facilities in the form attached hereto as Exhibit “B.”

(n) “Lake Elsinore School Facilities Account” means the fund(s), account(s) or sub-account(s) of the CFD (regardless of its designation within the Bond Resolution) into which a portion of the Bond Proceeds may be deposited in accordance with the Bond Resolution in order to finance the School Facilities in satisfaction of the Mitigation Amount(s).

(o) “Mitigation Amount” means the contractual obligation of Property Owner, as set forth herein, to provide funding through the CFD, or as otherwise set forth herein, to mitigate the school facilities impact(s) of each residential dwelling unit within the Project in an amount equal to the Amount per Square Foot multiplied by the Assessable Square Feet of such residential dwelling unit.

(p) “Party” shall mean any one of the parties to this Agreement, and “Parties” shall mean, collectively, all of the parties to this Agreement.

(q) “Property Owner” means Vista Emerald, LLC, a California limited liability company, and its successors and assigns, excluding individual homeowners.

(r) “Rate and Method” means the Rate and Method of Apportionment of the Special Tax authorizing the levy and collection of special taxes pursuant to proceedings undertaken for the formation of the CFD pursuant to the Act.

(s) “School Facilities” means interim and permanent school facilities of the 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.

(t) “School Fees” means fees and charges that may be levied pursuant to Education Code Section 17620 *et seq.* and Government Code Sections 65995 *et seq.*

(u) “Special Taxes” means the special taxes authorized to be levied by the School District and collected by the CFD pursuant to the Rate and Method.

(v) “State” means the State of California.

Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate. Headings of sections herein are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

All references herein to “Sections” and other subdivisions are to the corresponding Sections or subdivisions of this Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or subdivision hereof.

## ARTICLE II

### **FORMATION OF THE CFD AND ISSUANCE OF BONDS**

#### **Section 2.1 Formation of the CFD.**

The City has undertaken proceedings pursuant to the Act for the formation of the CFD, the authorization of the Special Taxes and the authorization of Bonds on behalf of the CFD, with the qualified electors having approved such Special Taxes and the authorization of bonded indebtedness as provided for under the Act and related State law. The Parties expressly acknowledge and agree that the School District shall have no responsibility or liability for any costs or expenses of forming or administering the CFD. The Parties expressly agree that for purposes of this Agreement the School District may presume that the proceedings for the formation of the CFD, actions for approval of the levy and collection of the Special Taxes and authorization for the CFD to incur bonded indebtedness

were validly undertaken and completed.

## **Section 2.2     Mitigation Amount Payments/Deposits.**

Prior to School District's receipt of Bond Proceeds, as described in this Section, Property Owner may obtain Certificates of Compliance for lots/parcels within the Project only by providing Deposits to the School District that in each case are equal to the Mitigation Amount(s) attributable to those lots/parcels which are developed for residential purposes. The School District may commingle any or all Deposits with other capital facilities funds of the School District for purposes of investment and safekeeping, and the School District may use such Deposits for any or all purposes as authorized by law, but, for purposes of this Agreement, the School District shall at all times maintain records sufficient to track the amount and disposition of each Deposit.

(a) Deposits provided to the School District prior to receipt by the School District of Bond Proceeds, which Bond Proceeds supplant such Deposits, will be refunded by the School District to Property Owner, or other Party, as applicable, that paid such Deposit(s) upon deposit of such supplanting Bond Proceeds into the Lake Elsinore School Facilities Account.

(b) Bond Proceeds deposited into the Lake Elsinore School Facilities Account shall supplant Deposits on a first-in first-supplanted basis. After the issuance of the last series of Bonds (other than Bonds issued for refunding purposes only), and to the extent that the Bond Proceeds deposited into the Lake Elsinore School Facilities Account are not sufficient to supplant the Mitigation Amounts attributable to lots for which the Property Owner has provided a Deposit, the portion of the Deposits not supplanted by Bond Proceeds shall be retained and used by School District as permitted by law and this Agreement.

(c) If the Bond Proceeds are not sufficient to make all future Mitigation Amounts for the Property, then once the Property Owner begins making payments of Mitigation Amounts, such amounts shall constitute Deposits that are capable of reimbursement in the manner described above upon the receipt of additional Bond Proceeds.

(d) After the issuance of the last series of Bonds (other than Bonds issued for refunding purposes only), if after the application of all Bond Proceeds deposited into the Lake Elsinore School Facilities Account, including interest earnings thereon, and taking into account any Deposits retained by the School District (as provided for above), there remains a balance due, Property Owner shall be required to pay all Mitigation Amount(s) for units/parcels before Certificates of Compliance shall be issued by the School District.

(e) The City and the CFD shall not be responsible, or liable, for funding of School Facilities, payment of Deposits or payment of Mitigation Amounts from any source of funds other than Bond Proceeds allocated and deposited for such purpose.

## **Section 2.3     Issuance and Sale of Bonds.**

(a) The City Council, acting as the legislative body of the CFD, may, in its sole discretion, in accordance with its adopted policies, adopt one or more Bond Resolutions and issue Bonds. Prior to the City Council adopting a Bond Resolution, Property Owner shall notify, or cause to be notified, the School District, in writing, of: (i) the estimated issuance date for the corresponding series of Bonds

and (ii) the estimated amount of Bond Proceeds to be deposited in the Lake Elsinore School Facilities Account from such series of Bonds.

(b) School District shall have no obligation, responsibility, or authority with respect to the issuance and sale of the Bonds, the Bond Proceeds available to finance School Facilities, the payment of the principal and interest on the Bonds, or for the levy of the Special Taxes to provide for the payment of principal and interest thereon. The City and the CFD shall have the sole authority and responsibility for all such matters.

The Parties hereto specifically agree that, except as provided in Section 2.4, the liabilities of the CFD, including liabilities, if any, of the CFD pursuant to the documents providing for the issuance of Bonds, including, but not limited to, the Bond Resolution, shall not be or become liabilities of School District.

#### **Section 2.4     Use of Bond Proceeds to Finance School Facilities.**

(a) In the event that Bonds are issued, the City, or the CFD (as may be applicable), shall determine the amount of Bond Proceeds to be deposited into the Lake Elsinore School Facilities Account or any applicable accounts or subaccounts thereof. As Bond Proceeds are transferred to School District, Property Owner shall receive a credit in the amount transferred against the payment of Mitigation Amounts. Nothing herein shall supersede the obligation of the Property Owner and/or its successors in interest with respect to the Property to pay School Fees to School District, when due, on account of commercial, industrial, age-restricted or other development not within the scope of this Agreement. The purpose of this Agreement is to provide a mechanism by which the CFD may levy and collect Special Taxes and issue Bonds to provide a source of funds to finance School Facilities for residential development occurring within the Project through the payment of the Mitigation Amounts in lieu of the payment of School Fees. In the event that Bond Proceeds, including investment earnings thereon, are not available or sufficient to satisfy the obligation to pay the Mitigation Amounts, then the Property Owner shall remain obligated to pay the Mitigation Amounts to the School District as provided for under the terms of this Agreement.

(b) In connection with the issuance of any Bonds, a portion of the proceeds of which are to be made available pursuant to this Agreement to finance the acquisition, construction and installation of School Facilities, School District agrees to execute and deliver such certifications concerning the School District and/or the School District's use of Bond Proceeds deposited into the Lake Elsinore School Facilities Account as may be reasonably required in order for City bond counsel to conclude, at the time of Bond issuance, that interest on such Bonds will be excludable from gross income under Section 103 of the Internal Revenue Code of 1986 and any amendments thereto. If expressly requested by the City, the CFD or City bond counsel, the School District shall confirm that the Bond Proceeds shall be, or have been, expended on School Facilities which have a direct or indirect benefit to the property within the CFD.

#### **Section 2.5     Mitigation Credit Account.**

(a) After being notified by the fiscal agent for the Bonds, or equivalent City or CFD consultant, officer or agent that Bond Proceeds have been deposited into the Lake Elsinore School Facilities Account, School District will establish a Credit Account in the amount of Assessable Square Feet for which the obligation to pay Mitigation Amounts has been satisfied. Such determination shall be made by dividing the amount(s) deposited in the Lake Elsinore School Facilities Account by the Amount per Square Foot then in effect pursuant to Section 2.2 herein.

(b) Once established and upon receipt of funds into the Credit Account, School District shall deduct from the Credit Account the square footage of units for which Deposits had been made pursuant to Section 2.2 and return the corresponding Deposits to the Property Owner. If such deduction would result in a negative balance within the Credit Account, School District shall retain a portion of the Deposits such that when added to the Bond Proceeds deposited in the Lake Elsinore School Facilities Account would result in a balance of zero (0) square feet within the Credit Account. Such retained Deposits may then be used by School District as permitted by law and this Agreement.

(c) Property Owner may obtain Certificates of Compliance for lots/parcels within the Project by requesting that School District deduct from the Credit Account the assessable space of the unit for which the Certificate of Compliance is being sought. In the event that there is an insufficient balance in the Credit Account to cover a request for a Certificate of Compliance, Property Owner may obtain the Certificate of Compliance only by paying cash to the School District equal to the shortfall in the Mitigation Amount payable in connection with that Certificate of Compliance.

#### **Section 2.6     Disbursements of Funds for School Facilities.**

(a) From time to time following the deposit of Bond Proceeds into the Lake Elsinore School Facilities Account, the School District may notify the City in writing and request a disbursement from the Lake Elsinore School Facilities Account into the Credit Account to fund School Facilities by executing and submitting a Disbursement Request to the City, the CFD or to the Bonds fiscal agent, as the Bond Resolution shall provide. Upon receipt of such Disbursement Request, completed and executed in accordance with the terms of this Agreement, the CFD or the Bonds fiscal agent shall wire transfer, or otherwise pay, to School District such requested funds to the extent that Bond Proceeds are available in the Lake Elsinore School Facilities Account for such purpose.

(b) School District agrees that prior to submitting a Disbursement Request requesting payment from the CFD, it shall review and approve all costs included in its request and will have already paid or incurred such costs of School Facilities from its own funds subsequent to the date of this Agreement, or will disburse such amounts to pay the costs of School Facilities following receipt of such funds from the CFD. In the event that School District does not disburse any Bond Proceeds received by it to third parties within five banking days of receipt, it will trace and report to the CFD all earnings, if any, earned by School District, from the date of receipt of such Bond Proceeds by School District to the date of expenditure by School District for costs of the School Facilities as defined herein.

#### **Section 2.7     Responsibility for Mitigation Amounts.**

(a) The Parties hereto acknowledge and agree that, absent Mitigation Amounts being funded using Bond Proceeds, the Property Owner shall be responsible for the payment of the Mitigation Amounts.

(b) If the amounts derived from Bond Proceeds for School Facilities deposited in the Lake Elsinore School Facilities Account, including investment earnings thereon, if any, are not sufficient to fund all Mitigation Amounts attributable to the Property, the Parties hereto agree that all responsibility and liability for the amount of such shortfall shall be and remain with the Property Owner, and shall not lie with the CFD, School District or the City.

(c) School District agrees to utilize or apply Bond Proceeds provided to it by the CFD, in

accordance with the Act, the Local Agency Special Tax and Bond Accountability Act (described in Section 4.1 hereof), the requirements of federal tax law compliance with which is necessary in order for interest on the Bonds to be excluded from the gross income of the recipients for federal income tax purposes and other applicable law, and as set forth herein.

## **Section 2.8     Indemnification.**

(a)     Indemnification by the City. The City shall assume the defense of, indemnify and save harmless, the School District, the Property Owner, their respective officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses, and/or expenses of any and every type and description (each a “Liability” and collectively, “Liabilities”) to which they may be subjected or put, by reason of, or resulting from, any negligent act or omission or willful misconduct of the City or the CFD with respect to this Agreement; provided, however, that the City shall not be obligated in accordance with the foregoing to the extent any Liability is attributable to the negligence or willful misconduct of any other Party or its officers, agents or employees, in which event the Parties shall be responsible and liable on a comparative basis.

(b)     Indemnification by Property Owner. The Property Owner shall assume the defense of, indemnify and save harmless, the School District, the City and the CFD, their respective officers, employees and agents, and each and every one of them, from and against all Liabilities to which they may be subjected or put, by reason of, or resulting from, any negligent act or omission or willful misconduct of the Property Owner with respect to this Agreement provided, however, that the Property Owner shall not be obligated in accordance with the foregoing to the extent any Liability is attributable to the negligence or willful misconduct of any other Party or its officers, agents or employees, in which event the Parties shall be responsible and liable on a comparative basis.

(c)     Indemnification by School District. The School District shall assume the defense of, indemnify and save harmless, the City, the CFD and the Property Owner, their respective officers, employees and agents, and each and every one of them, from and against all Liabilities to which they may be subjected or put, by reason of, or resulting from, any negligent act or omission or willful misconduct of the School District with respect to this Agreement; provided, however, that the School District shall not be obligated in accordance with the foregoing to the extent any Liability is attributable to the negligence or willful misconduct of any other Party or its officers, agents or employees, in which event the Parties shall be responsible and liable on a comparative basis.

(d)     Comparative Liability. Notwithstanding anything to the contrary, in the event a court of competent jurisdiction, or an arbitrator if the Parties have agreed to arbitration, determines that more than one of the Parties are, to some extent, responsible for the existence of any Liability, those Parties shall request that the court or arbitrator determine their comparative liability with respect to that Liability. Thereafter, those Parties shall be responsible for any damages payable on account of such Liability consistent with such comparative liability determination, and a Party shall be entitled to reimbursement, for damages that it has paid in excess of its share of damages based on such comparative liability determination, from the other responsible Party or Parties.

(e)     Statutory Liability. Notwithstanding anything to the contrary, in the event a final judgment issued by a court of competent jurisdiction, or an arbitrator if the Parties have agreed to arbitration, determines that this Agreement is an agreement within the scope of Government Code Section 895 and, in connection therewith, imposes liability on either the City or the School District

solely by virtue of Government Code Section 895.2, then the City or School District, as applicable, shall be entitled to contribution as provided by Government Code Section 895.6. In the event Government Code Sections 895, 895.2 and/or 895.6 are amended or repealed, the requirements of this Subsection shall apply with respect to any similar, successor or superseding law that imposes liability on either the City or the School District consistent with provisions of Government Code Sections 895.2 and 895.6 in effect as of the Effective Date.

**Section 2.9     Mitigation of School Facilities Obligations with Respect to the Project.**

The Property Owner and the School District agree that, with respect to development of the Property, the payment of the Mitigation Amounts to School District, whether with Bond Proceeds, Deposits or otherwise, as set forth herein, shall constitute the full extent of the obligation of the Property Owner to mitigate the impacts on the School Facilities of the School District arising from development of the Property.

Subject to compliance with the terms hereof, the School District shall not oppose development of the Project or any request by the Property Owner for a land use or other governmental approval, whether legislative, administrative, discretionary or ministerial, sought for the development of the Project. No development, change of development, governmental approval or change in any governmental approval with respect to the Project shall constitute the basis for any amendment or termination of this Agreement.

**Section 2.10     Waiver of State and Local Funding Credits and Right to Protest.**

In consideration of School District's agreement with respect to the Project to accept the Mitigation Amounts as full mitigation of the impact on the School Facilities of the School District resulting from development of the Project, the Property Owner hereby waives, on behalf of itself and all of its successors in interest with respect to the Property (including future Property Owners), any and all past, present, and future rights any of them may have to credit against, or fair share reduction in, Mitigation Amounts based upon State matching funding provided to School District or the proceeds from a School District-wide special tax or general obligation bond authorization, or School Facilities Improvement District ("SFID") bond authorization for school facilities. Nothing in the foregoing or elsewhere in this Agreement shall be deemed or construed to constitute an acknowledgement or agreement by the School District that the Property Owner or its successors have or would be entitled to any such credit or reduction. In addition, the Property Owner knowingly waives its right of protest as may be afforded by Government Code Section 66020 or any other provision of law; provided that nothing in this Agreement shall be deemed or construed to preclude the Property Owner from asserting that the School District has breached any obligation it may have pursuant to this Agreement.

**Section 2.11     Owner Advance.**

The Property Owner has previously deposited with School District the amount of Fifteen Thousand Dollars (\$15,000) to be used to advance fund the School District's costs associated with negotiating, entering into and administering this Agreement. Such advance may be reimbursed to the Property Owner, subject to the approval of the City and/or the CFD, solely from Bond Proceeds, but under no circumstances shall School District be obligated to refund, reimburse, or otherwise repay the advance, or any portion thereof, to the Property Owner from any source of funds of the School District. Notwithstanding the foregoing, should the City, for any reason, not approve this Agreement, any then unexpended and uncommitted balance of the funds advanced pursuant to this Section shall be refunded to Property Owner within fourteen (14) business days after School District is notified in writing by the City that this Agreement has not been and will not be, approved by the City.

**Section 2.12 Administration of the CFD.**

The City shall have the power, duty and responsibility to provide for the administration of the CFD, subject to the terms hereof and the Bond Resolution, including employing and compensating all consultants and providing for the various other administration duties set forth in this Agreement. It is understood and agreed by Parties that School District was not or will not be considered a participant in the proceedings relative to formation of the CFD or the issuance of the Bonds, other than as a Party to this Agreement. For avoidance of doubt, all proceeds of the Special Taxes levied by the CFD shall, as and when collected, be allocated and distributed for use by the City and/or the CFD, not any other Party or any third party.

**Section 2.13 Construction, Ownership and Maintenance of School District Facilities.** The City shall have no responsibility for the acquisition, construction and installation of the School Facilities. The School Facilities shall be and remain the sole and separate property of the School District and shall be operated, maintained and utilized by the School District. The City shall not have any ownership interest in, or responsibility for the operation, maintenance or utilization of, the School Facilities.

**Section 2.14 Construction, Ownership and Maintenance of City Facilities.** The School District shall have no responsibility for the acquisition, construction and installation of the City Facilities. The City Facilities shall be and remain the sole and separate property of the City and shall be operated, maintained and utilized by the City. The School District shall not have any ownership interest in the City Facilities, and the School District shall have no responsibility for the operation, maintenance or utilization of the City Facilities.

**ARTICLE III**

**TERM AND TERMINATION**

**Section 3.1 Effective Date.**

This Agreement shall become effective and of full force and effect as of the date (“Effective Date”) that both of the following occur: (1) this Agreement is approved and executed by the last of the School District, the Property Owner and the City, to be confirmed upon execution of this Agreement by the authorized representatives of the Parties; and (2) the CFD has been formed, as evidenced by the recordation of a Notice of Special Tax Lien against the Property.

**Section 3.2 Termination.**

If the CFD is terminated for any reason or is unable to complete the sale of the Bonds prior to January 1, 2035, any obligation of the Parties, if any, to finance all or any portion of the Mitigation Amounts with Bond Proceeds pursuant to this Agreement shall automatically terminate and be of no further force or effect. In such event, this Agreement shall remain in effect as between the School District and the Property Owner, the School District shall retain any and all Deposits in full satisfaction of the mitigation obligation attributable to the lots within the Project for which Certificates of Compliance were issued based upon the posting of such Deposits and, thereafter, in order to obtain an additional Certificate of Compliance for construction within the Project, Property Owner shall be required to pay to the School District the School Fees, or other amount(s) as required by state law, applicable to such construction.



## **ARTICLE IV**

### **ADDITIONAL GENERAL PROVISIONS**

#### **Section 4.1     Recordkeeping; Inspection of Records.**

(a) School District hereby agrees to keep and maintain full and accurate records of all Bond Proceeds, if any, paid to School District for application against Mitigation Amounts due under the terms of this Agreement and investment earnings thereon, and the City or the CFD, or the Bonds fiscal agent on their behalf, hereby agrees to keep and maintain full and accurate records of all Bond Proceeds and investment earnings, if any, disbursed to School District from the Lake Elsinore School Facilities Account. Each Party further agrees to make such records available to any other Party hereto, including the Property Owner, during normal business hours upon reasonable prior notice. All such records shall be kept and maintained by the appropriate Party as provided by applicable law and their respective policies. The School District and the Property Owner agree that they will cooperate with the CFD and the City in providing documentation, reports or other data reasonably required and requested by the City or the CFD in meeting the reporting requirements of the CFD under Sections 50075.1, 50075.3, and 50075.5 and Article 1.5 (commencing with Section 53410) of Chapter 3 of Part 1 of Division 2 of Title 5 of, the Government Code (collectively, the “Local Agency Special Tax and Bond Accountability Act”).

(b) School District’s reporting obligations pursuant to this Section shall be limited to providing reports or other data detailing the following: (A) the amount of Bond Proceeds received by School District to fund School Facilities, (B) the amount of such Bond Proceeds deposited in separate funds or accounts of School District reflecting Mitigation Amounts and the number of dwelling units for which such Mitigation Amounts apply, and (C) School Facilities that have been acquired, installed and/or constructed, in whole or in part, using Bond Proceeds. If no Bond Proceeds have been received by School District or used to finance School Facilities since the previous report, no report shall be required and the City may rely upon the previous reports.

#### **Section 4.2     Partial Invalidity.**

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 reasonably possible.

#### **Section 4.3     Successors and Assigns.**

Property Owner may assign its rights pursuant to this Agreement to a purchaser/developer of the Property, or any portion thereof, and such purchaser and assignee shall expressly assume the obligations of Property Owner pursuant to this Agreement and to be bound thereby. No such assignment by the Property Owner shall be valid or binding on any other Party unless and until written notice of the assignment and assumption has been provided to all Parties. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties.

#### **Section 4.4    Notice.**

Any notice, payment, or instrument required or permitted by this Agreement to be given or delivered to any Party shall be deemed to have been received only upon actual receipt by that Party. Such notices, payments, or instruments may be delivered by: (i) personal delivery, delivery charges prepaid and signature on delivery receipt requested; (ii) registered or certified U.S. Mail, postage prepaid and return receipt requested; or (iii) FedEx, UPS, or other reliable private delivery service, delivery charges prepaid and signature on electronic or other delivery receipt requested. A copy of each notice and other instrument sent to the City shall be sent to the City's legal counsel, and a copy of each notice and other instrument sent to the School District shall be sent to the School District's legal counsel. No Party may unreasonably refuse to accept delivery of any communications sent in accordance with this Section in an attempt to avoid the giving or service of the communication, and any such refusal by a Party shall be deemed and construed as a material breach of such Party's obligations pursuant to this Agreement. For avoidance of doubt, this Section shall not be deemed or construed to apply to service of process in accordance with any applicable law or rule of court. Subject to the foregoing, written communications shall, as applicable, be addressed as follows:

City:	City of Lake Elsinore 23873 Clinton Keith Road Lake Elsinore, CA 92595 Attention: Assistant City Manager/PW Director
City Legal Counsel:	Stradling Yocca Carlson & Rauth 660 Newport Center Drive, Suite 1600 Newport Beach, CA 92660 Attention: Brian Forbath Esq.  Lawrence Chan Stradling Yocca Carlson & Rauth 660 Newport Center Drive, Suite 1600 Newport Beach, CA 92660
School District:	Lake Elsinore Unified School District Attention: Chief Business Official 545 Chaney Street Lake Elsinore, CA 92530
School District Legal Counsel:	Atkinson, Andelson, Loya, Ruud & Romo Attention: Robert E. Anslow 20 Pacifica, Suite 1100 Irvine, CA 92618
Property Owner:	Vista Emerald, LLC 1020 2 <sup>nd</sup> Street, Suite C Encinitas, CA 92024 Attention: Project Manager

Each Party can change its address for delivery of notice by delivering written notice of such change of address to the other Parties. A Party that incurs a change of address shall endeavor to provide such notice within ten (10) calendar days prior to the change taking effect.

**Section 4.5     Captions.**

The captions to Sections used herein are for convenience purposes only and, therefore, shall not be deemed or construed to qualify, circumscribe, or otherwise limit the respective meanings of the provisions set forth in this Agreement.

**Section 4.6     Governing Law.**

Notwithstanding any conflict-of-law, choice-of-law, or other provision of any federal or state law, this Agreement shall be governed by, and construed in accordance with, the laws of the State applicable to contracts made and performed in said State. Each and every claim, demand, action, arbitration (if the affected Parties agree to arbitrate), and other proceeding arising from this Agreement shall be initiated and conducted solely in the County of Riverside, California; provided that a court of competent jurisdiction in its discretion may determine that it is necessary, in order to ensure fundamental fairness, that venue be located outside the boundaries of the City.

**Section 4.7     Entire Agreement.**

This Agreement contains the entire agreement of the Parties with respect to the matters provided for herein and supersedes all prior and contemporaneous agreements, negotiations, and discussions (whether written or oral) among any of the Parties relating to the subject matter of this Agreement.

**Section 4.8     Amendments.**

This Agreement may be amended or modified only in writing duly approved by each of the Parties and executed by the authorized representative(s) of each of the Parties hereto.

**Section 4.9     Waiver.**

The failure of any Party hereto to insist on compliance within any of the terms, covenants or conditions of this Agreement by any other Party hereto shall not be deemed to constitute a waiver of such terms, covenants or conditions of this Agreement by the failing Party. In order to be valid and binding, a waiver must be set forth in writing and must be signed by the authorized representative of the waiving Party. Except as expressly set forth in a written waiver, no waiver shall constitute a relinquishment of any other right or power for all or any other times.

**Section 4.10    Cooperation and Execution of Documents.**

Each Party agrees to complete and execute any further or additional documents that reasonably are necessary to complete the terms of, or secure the express benefits to another Party of, this Agreement.

**Section 4.11    Exhibits.**

The following exhibits attached hereto are incorporated into this Agreement by reference.

Exhibit  
“A”  
“B”

Description  
Depiction/Description of Property Boundaries  
Disbursement Request Form

**Section 4.12 Interpretation.**

This Agreement shall be deemed to have been prepared by the Parties jointly, and no ambiguity shall be resolved against a Party solely because it or its attorney(s) were primarily responsible for drafting this Agreement or any particular provision herein.

**Section 4.13 No Termination Due to Changes in Law.**

The provisions of this Agreement shall not be affected by: (i) any change to applicable law that occurs on or after the Effective Date; (ii) any legislation enacted, whether through the legislative or initiative process, on or after the Effective Date; or (iii) any judicial decisions issued on or after the Effective Date that otherwise would affect the matters addressed in this Agreement, except for decisions specifically pertaining to this Agreement.

**Section 4.14 Signatories.**

Each person who has signed this Agreement on behalf of a Party thereby represents and warrants that he, she, or they has been appropriately authorized that Party to sign, and thereby bind such Party to, this Agreement.

**Section 4.15 Execution in Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed an original and the same instrument. Signature pages may be detached from counterpart originals and combined to form one or more copies of this Agreement having original signatures of all Parties.

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Community Facilities and School Facilities Funding Agreement as of the day and year written above.

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

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

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Approved by Governing Board: \_\_\_\_\_,  
2023

City:

CITY OF LAKE ELSINORE

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

Name: \_\_\_\_\_

Date Signed: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

Developer:

VISTA EMERALD, LLC  
a California limited liability company

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

Name: \_\_\_\_\_

Date Signed: \_\_\_\_\_

**EXHIBIT “A”**

**PROPERTY DESCRIPTION/DEPICTION**

Property Description

<u>Owner</u>	<u>Description</u>
Vista Emerald, LLC, a California limited liability company	Riverside County APN 370-050-019
Vista Emerald, LLC, a California limited liability company	Riverside County APN 370-050-020
Vista Emerald, LLC, a California limited liability company	Riverside County APN 370-050-032



**EXHIBIT “B”**

**DISBURSEMENT REQUEST FORM**

1. Community Facilities District No. 2023-2 of the City of Lake Elsinore (“CFD No. 2023-2”) is hereby requested to pay from the Lake Elsinore School Facilities Account, or any applicable account or subaccount thereof, established by or on behalf of the City of Lake Elsinore or CFD No. 2023-2 in connection with its Special Tax Bonds (the “Bonds”) or pursuant to the terms of the JCFA (defined below) to Lake Elsinore Unified School District (“School District”), as payee, the sum set forth below:

\$\_\_\_\_\_ (the “Requested Amount”)

2. The Requested Amount is due and payable, no portion of the Requested Amount has been included in any prior disbursement to the School District from the Lake Elsinore School Facilities Account, and the Requested Amount is payable in satisfaction of the Property Owner’s obligation pursuant to the JCFA to pay Mitigation Amounts to the School District.

3. The Requested Amount is authorized and payable pursuant to the terms of that certain Joint Community Facilities and School Facilities Funding Agreement, dated as of \_\_\_\_\_, 2023, by and among the School District, Vista Emerald, LLC, a California limited liability company, and the City (the “JCFA”). By requisitioning and/or receiving Bond Proceeds pursuant to this request, the School District is not passing upon, determining, or assuming the tax-exempt status of the Bonds for federal or California income tax purposes.

4. Capitalized undefined terms used herein, and not otherwise defined, shall have the meaning(s) ascribed to them in the JCFA.

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

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

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



# PROJECT MAP

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

