

RESOLUTION NO. 2022-08

A RESOLUTION OF THE KELSEYVILLE FIRE PROTECTION DISTRICT BOARD OF DIRECTORS FORMING AND ESTABLISHING KELSEYVILLE FIRE PROTECTION DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FACILITIES AND SERVICES) AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, the Kelseyville Fire Protection District (the “District”) Board of Directors (the “Board”) duly adopted its Resolution No. 2021-2022-04 on August 18, 2021 (the “Resolution of Intention”), wherein the Board declared its intention to form a community facilities district for the purpose of providing an alternative method of financing certain authorized facilities and services related to equipping and maintaining fire stations within the boundaries of the District and set forth the proposed boundaries for such community facilities district pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, this community facilities district shall hereinafter be referred to as “Kelseyville Fire Protection District Community Facilities District No. 2021-1 (Facilities and Services)” (“CFD No. 2021-1”); and

WHEREAS, the Resolution of Intention set a time and a place for a public hearing relating to the establishment of CFD No. 2021-1, the extent of CFD No. 2021-1, the financing of certain types of facilities and services and all other related matters (the “Public Hearing”) and ordered that a community facilities district report (the “Report”) be filed with the Board and made a part of the record of the Public Hearing; and

WHEREAS, the Report was timely filed with the Board and notice of the Public Hearing was published on August 11, 2021 and September 10, 2021 in the Lake County Record Bee in accordance with the Act; and

WHEREAS, at the time and place specified for the Public Hearing, the Board opened and conducted the Public Hearing, and all persons interested, including, but not limited to, all taxpayers and property owners within CFD No. 2021-1 were given an opportunity to appear and be heard, and to present any matters relating to the establishment of CFD No. 2021-1, the rate and method of apportionment of the special tax proposed to be levied within CFD No. 2021-1, the extent of CFD No. 2021-1, the financing of the facilities and services and all other related matters, and the Report and such testimony was heard and considered by the Board; and

WHEREAS, all communications relating to the establishment of CFD No. 2021-1 and the rate and method of apportionment of the special tax proposed to be levied within CFD No. 2021-1 have been presented, and it has further been determined that a majority protest as defined by law has not been received against these proceedings or the levy of the special tax within CFD No. 2021-1;

WHEREAS, the Board may therefore proceed to establish CFD No. 2021-1.

NOW, THEREFORE, the Kelseyville Fire Protection District Board of Directors hereby finds, determines, and resolves as follows:

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

Section 2. Determinations. It is hereby determined by the Board that:

- (a) All prior proceedings pertaining to the formation of CFD No. 2021-1 were valid and taken in conformity with the requirements of the law, and specifically the provisions of the Act, and that this finding and determination is made pursuant to the provisions of Section 53325.1 of the Act.
- (b) The written protests received, if any, do not represent a majority protest as defined by the applicable provisions of the Act and as applied to the CFD No. 2021-1 and, therefore, the special tax proposed to be levied within CFD No. 2021-1 has not been precluded by majority protest pursuant to Section 53324 of the Act.
- (c) CFD No. 2021-1, as proposed, conforms to the District's local goals and policies concerning the use of community facilities districts.
- (d) At least twelve (12) registered voters have resided within the territory of CFD No. 2021-1 for each of the ninety (90) days preceding the close of the Public Hearing, therefore, pursuant to the Act the qualified electors of CFD No. 2021-1 shall be the registered voters of CFD No. 2021-1, with each voter having one vote.

Section 3. Community Facilities District Report. The Report for CFD No. 2021-1, as now submitted by NBS, shall stand as the report as required pursuant to Section 53321.5 of the Act for all future proceedings and all terms and contents are approved as set forth therein.

Section 4. Name of Community Facilities District. The Board does hereby establish and declare the formation of CFD No. 2021-1 known and designated as "Kelseyville Fire Protection District Community Facilities District No. 2021-1 (Facilities and Services)."

Section 5. Boundaries of CFD No. 2021-1. The boundaries of CFD No. 2021-1 are generally described as follows:

All that property as shown on the boundary map, as previously approved by the Board, such map designated as "Proposed Boundaries of Kelseyville Fire Protection District Community Facilities District No. 2021-1 (Facilities and Services), Kelseyville Fire Protection District, County of Lake, State of California," a copy of which is on file in the Office of the Board Clerk and shall remain open for public inspection. The boundary map was filed on August 24, 2021 pursuant to Sections 3111 and 3113 of the Streets and Highways Code of the State of California in the Office of the County Recorder of the County of Lake (the "County"), at Page 41 of Book 8022 of the Book of Maps of Assessment and Community Facilities Districts of the County as Document Number 2021013841.

Section 6. Description of Facilities and Services; Incidental Expenses. It is the intention of the Board to finance authorized facilities and services related to equipping and maintaining fire stations within the boundaries of the District.

A general description of the public facilities (the "Authorized Facilities") and public services (the "Authorized Services") which are proposed to be financed with the revenues from special taxes, whether provided directly by the District or by a third party contracting with the District or CFD No. 2021-1, is set forth in Exhibit A attached hereto and incorporated herein by this reference. The financing of the costs of the Authorized Facilities may include, without limitation, the payment of principal of and interest on bonds or other indebtedness together with all direct, indirect, periodic, and/or other related costs (including, without limitation, costs of administering CFD No. 2021-1, levying the special tax and administering the bonds, and establishing and replenishing reserve funds).

Section 7. Special Tax. It is hereby further proposed that, except where funds are otherwise available, a special tax (the "Special Tax") sufficient to finance the Authorized Facilities, Authorized Services and related incidental expenses, secured by recordation of a continuing lien against all nonexempt real property in CFD No. 2021-1, will be levied annually within the boundaries of such CFD No. 2021-1. For further particulars as to the rate and method of apportionment of the proposed Special Tax, reference is made to the attached and incorporated Exhibit B (the "Rate and Method"), which sets forth in sufficient detail the rate and method of apportionment of the Special Tax to allow each landowner or resident within the proposed CFD No. 2021-1 to clearly estimate the maximum amount of Special Tax that such person will have to pay for the Authorized Facilities and Authorized Services.

The maximum amount of Special Tax which may be levied in any fiscal year on parcels within CFD No. 2021-1 which are used for private residential purposes ("Residential Parcels") is specified in the Rate and Method. No portion of the Special Tax shall be levied on Residential Parcels to finance Authorized Facilities after fiscal year 2057-58, or upon an earlier determination as set forth in the Rate and Method. The portion of the Special Tax levied to finance Authorized Services shall be levied as long as the District provides the Authorized Services. Under no circumstances will the portion of the Special Tax levied on Residential Parcels in any fiscal year for Authorized Facilities be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within CFD No. 2021-1 by more than 10 percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

A portion of the Special Tax may be prepaid and permanently satisfied in part pursuant to the provisions contained in the Rate and Method.

The Special Tax herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner as the Board or its designee shall determine, including direct billing of the affected property owners. Such Special Tax shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for *ad valorem* taxes. Any Special Tax that may not be collected on the County tax roll shall be collected through a direct billing procedure by the District, acting for and on behalf of CFD No. 2021-1.

Pursuant to Government Code Section 53340 and except as provided in Government Code Section 53317.3, properties of entities of the state, federal, and local governments shall be exempt from the levy of the Special Tax.

Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all nonexempt property in CFD No. 2021-1, and that lien shall continue in force and effect until the lien is cancelled in accordance with law or until collection of the Special Tax ceases.

Section 8. Special Tax Accountability Measures. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the Board hereby establishes the following accountability measures pertaining to the levy by CFD No. 2021-1 of the Special Tax described in Section 7 above:

- (a) The Special Tax shall be levied for the specific purposes set forth in Section 7 above.
- (b) The proceeds of the levy of the Special Tax shall be applied only to the specific applicable purposes set forth in Section 7 above.
- (c) CFD No. 2021-1 shall establish a separate account into which the proceeds of the Special Tax shall be deposited.
- (d) The District Director, or his or her designee, acting for and on behalf of CFD No. 2021-1, shall annually file a report with the Board as required pursuant to Government Code Section 50075.3.

Section 9. Preparation of Annual Tax Roll. The name, address and telephone number of the office, department or bureau which will be responsible for preparing annually a current roll of special tax levy obligations for CFD No. 2021-1 by assessor's parcel number and which shall be responsible for estimating future Special Tax levies pursuant to Section 53340.1 of the Act, are as follows:

District Director
Kelseyville Fire Protection District
4020 Main Street
Kelseyville, CA 95451
(707) 297-4268

Section 10. Election. Since at least twelve (12) persons have been registered to vote within CFD No. 2021-1 for each of the ninety (90) days preceding the close of the Public Hearing, the vote shall be by registered voters of CFD No. 2021-1, with each voter having one (1) vote.

A successful election relating to the Special Tax authorization shall establish the appropriations limit as authorized by Article XIII B of the California Constitution as it is applicable to CFD No. 2021-1.

Section 11. Description of Voting Procedures. The voting procedures to be followed in conducting the special election on the proposition with respect to the levy of the Special Tax on taxable property within CFD No. 2021-1, establishing an appropriations limit for CFD No. 2021-1 in the amount of \$4,000,000 and incurring a bonded indebtedness of CFD No. 2021-1 in an amount not to exceed \$4,000,000 (the “Special Election”), shall be as follows:

(a) Except as otherwise provided below, the Special Election shall be of the registered voters within the territory included within CFD No. 2021-1, and the special taxes may not be imposed unless two-thirds (2/3) of the votes cast upon the question of levying the Special Tax shall have been cast in favor of levying the Special Tax. The Special Election shall be conducted by the District, pursuant to the authority set forth in Division 9, Chapter 4 of the California Elections Code.

(b) The Special Election shall be held on December 21, 2021, following the adoption by the Board of this Resolution and a resolution pursuant to Section 53326 of the California Government Code submitting the proposition with respect to (i) the levy of Special Tax within CFD No. 2021-1, (ii) incurring a bonded indebtedness of CFD No. 2021-1 and (iii) establishing an appropriations limit therefor to the qualified electors of CFD No. 2021-1.

(c) The Special Election shall be held and conducted in accordance with applicable sections of the California Elections Code governing the conduct of elections of special districts, including specifically Division 9, Chapter 4 of the California Elections Code.

The procedures set forth in this section for conducting the Special Election, if it is held, may be modified as the Board may determine to be necessary or desirable by a resolution subsequently adopted by the Board.

Section 10. Effective Date. This Resolution shall become effective upon its adoption.

PASSED AND ADOPTED this 22nd day of September, 2021, by the following vote:

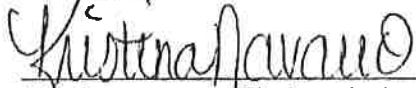
AYES: 4

NOES: 0

ABSENT: 1

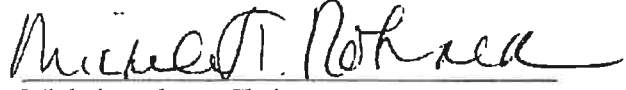
ABSTAIN: 0

ATTEST:




Kristina Navarro, Clerk to the Board

APPROVED:



Michele Rohner, Chairperson

APPROVED AS TO FORM:



~~Best Best & Krueger~~ General Counsel
Special

EXHIBIT A

DESCRIPTION OF AUTHORIZED FACILITIES AND AUTHORIZED SERVICES

The public facilities, public services and incidental costs authorized to be financed by the special taxes levied in CFD No. 2021-1 consist of the following:

Authorized Facilities. Authorized facilities consist of the acquisition, design, construction, equipping, and improvement of any real or other tangible property with an estimated useful life of five years or longer undertaken by the Fire Protection District with respect to a new fire station, including all direct or indirect costs and expenses related thereto.

Authorized Services. Authorized services consist of (i) the operation and maintenance with respect to any authorized facility, including replacement and the funding of a reserve fund to pay for future repair and/or replacement of any authorized facility; such authorized services include, but are not limited to, all general or extraordinary activities deemed necessary or desirable by the Fire Protection District to provide for the use or enjoyment of any and all authorized facilities, whether provided by the Fire Protection District or any outside entity, including maintenance and operations contingencies and reserves with respect thereto, and (ii) the provision of any other fire protection and suppression services.

Incidental Costs. In addition, costs eligible to be financed by CFD No. 2021-1 shall include all costs and expenses incidental to the above and authorized by the Act that are determined by the Fire Protection District to be associated with the authorized facilities or the authorized services, the formation and ongoing administration of CFD No. 2021-1, the election, bonding, or levy and collection of special taxes, as well as all other costs incurred to carry out the authorized purposes of CFD No. 2021-1 that are permitted by the Act.

EXHIBIT B
RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT FOR
KELSEYVILLE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(FACILITIES AND SERVICES)**

A Special Tax, as hereinafter defined, shall be levied on all Assessor's Parcels in the Kelseyville Fire Protection District (the "District") Community Facilities District No. 2021-1 (Facilities and Services) ("CFD No. 2021-1") and collected each Fiscal Year commencing in Fiscal Year 2022/23, in an amount determined by the District or its designee, through the application of the Rate and Method of Apportionment as described below. All real property in CFD No. 2021-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" means a secondary residential unit of limited size, as defined in California Government Code Section 65852.2 as that may be amended from time to time, that is accessory to a single-unit dwelling located on an Assessor's Parcel.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2021-1: the costs of any paying agents/fiscal agents/trustees related to Bond payments (including the fees and expenses of its counsel), banking and management; the costs of computing the Special Tax Requirement, the Special Taxes and of preparing the collection schedules for the Special Taxes; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the District or designee in complying with the disclosure requirements of California law (including the Act) and the federal securities laws; costs of responding to public inquiries regarding the Special Taxes; the costs of the District or designee related to an appeal of the Special Taxes or interpretation of the Rate and Method of Apportionment; amounts needed to pay rebate to the federal government related to Bonds; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in the District. Administrative Expenses shall also include an allocable share of the salaries of District staff and an allocable portion of District overhead costs relating to the foregoing, or costs of the District in any way related to the establishment or administration of the District. Administrative Expenses shall also include amounts estimated or advanced by the District or CFD No. 2021-1 for any other administrative purposes of CFD No. 2021-1.

"Agricultural Property" means all Assessor's Parcels devoted primarily to agricultural, timber, or livestock uses and being used for the commercial production of agricultural, timber, or livestock products. Typical County Use Codes include, but are not limited to: 0015 through 2105.

"Assessed Value" means the land value and improvement value assigned to each Assessor's Parcel and contained in the County Assessor's Data.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Use Code, Assessed Value and Units.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" or "APN" means, with respect to an Assessor's Parcel, that number assigned to such Assessor's Parcel by the County for purposes of identification.

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by CFD No. 2021-1, including by the proceeds of any CFD No. 2021-1 Bonds. The Special Tax to fund Authorized Facilities may only be levied prior to the Transition Year.

"Authorized Services" means the services authorized to be funded, in whole or in part, by CFD No. 2021-1.

"Board of Directors" means the District Board of Directors, acting as the legislative body of CFD No. 2021-1.

"Bonds" means bonds or other debt (as defined in the Act), whether in one or more series, issued or assumed by or on behalf of CFD No. 2021-1 under the Act. Bonds also includes any bonds issued to refinance a previous bond issue.

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

"CFD No. 2021-1" means Kelseyville Fire Protection District Community Facilities District No. 2021-1 (Facilities and Services).

"County" means the County of Lake in the State of California.

"Debt Service" means for each Debt Year, the total amount of principal and interest due for any Bonds of CFD No. 2021-1.

"Debt Year" means each 12-month period designated as such, or by a similar term, in the Indenture for each series of Bonds.

"District" means the Kelseyville Fire Protection District.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"GIS" or "Geographic Information System" means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds for CFD No. 2021-1 are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Maximum Special Tax" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Mobile Home Property" means all Assessor's Parcels that consist of land with a movable or portable dwelling space(s) available to be connected to utilities. As it relates to Mobile Home Property, Units are the number of mobile home spaces on each Assessor's Parcel. Typical County Use Codes include, but are not limited to: 3085 through 3195, 3910 through 3950, 4680, 6460 through 6705

"Multi-Family Residential Property" means all Assessor's Parcels that consist of Units available for lease or rent in a multi-unit building, including apartments, duplexes. Typical County Use Codes include, but are not limited to: 5485 through 5580, 6060 through 6455

"Non-Residential Property" means all Assessor's Parcels used for non-residential purposes such as commercial, institutional or industrial use. Possessory interest property is not included in Non-Residential Property. Typical County Use Codes include, but are not limited to: 2115 through 3080, 3235 through 3640, 3740 through 3790, 3895, 4510 through 4890, 6995 through 7280

"Outstanding Bonds" means all Bonds that are outstanding under and in accordance with the provisions of the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels within the boundaries of CFD No. 2021-1 that is owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Property Type" means either Single Family Residential Property, Mobile Home Property, Multi-Family Residential Property, Vacant Property, Agricultural Property, Non-Residential Property, Resort Property, Taxable Contingent Property, or Tax-Exempt Property.

"Proportionately" means for Taxable Property that the ratio of the Special Tax levy to the Maximum Special Tax is equal for all Assessors' Parcels of Taxable Property within CFD No. 2021-1. For Taxable Contingent Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Contingent Property within CFD No. 2021-1.

"Public Property" means property within the boundaries of CFD No. 2021-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, the District, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Resort Property" means all Assessor's Parcels that comprise a resort venue which provides for all travel needs in one location such as dining, lodging and activities. At the time of the formation of CFD No. 2021-1, this includes the Konocti Harbor Resort and Clear Lake Resort, but may include other Assessor's Parcels in the future should the Property Type change.

"Single Family Residential Property" means all Assessor's Parcels with a residential structure intended for a single Unit. Typical County Use Codes include, but are not limited to: 4895-5480 and 5585-6055.

"Special Tax(es)" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2021-1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2021-1:

Before the Transition Year, to (1) pay Debt Service on all Outstanding Bonds which is due in such Fiscal Year; (2) pay for Authorized Services; (3) pay Administrative Expenses; (4) provide any amount required to establish or replenish a reserve fund in connection with any Bonds; (5) provide any amount required to establish or replenish any operating reserve held by the District for Authorized Services and/or Administrative Expenses; (6) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (4) or (5). The amounts referred to in clauses (1) through (6) of the preceding sentence may be reduced in any Fiscal Year (in the District's sole discretion) by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax, and (iii) any other revenues available to pay Debt Service on the Outstanding Bonds or other indebtedness as determined by the CFD Administrator.

Beginning in the Transition Year, to (1) pay for Authorized Services; (2) pay Administrative Expenses; (3) provide any amount required to establish or replenish any operating reserve held by the District for Authorized Services and/or Administrative Expenses; (4) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act; less (5) a credit for funds available, if any, to reduce the Special Tax levy.

"State" means the State of California.

"Tax-Exempt Property" means all Assessor's Parcels within the boundaries of CFD No. 2021-1 which are exempt from the Special Tax pursuant to the Act or Section E below.

"Taxable Contingent Property" means any Assessor's Parcel that was previously classified and levied as Taxable Property, but has changed ownership or use such that it would subsequently be classified as Property Owner Association Property or Public Property, or other property, as Tax-Exempt Property pursuant to the provisions of Section E.

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

"Transition Event" means the earlier of (i) Fiscal Year 2057/58 or (ii) the Fiscal Year when the CFD Administrator determines that both of the following events have occurred: (a) all Bonds secured by the levy and collection of the Special Tax in CFD No. 2021-1 have been fully repaid and the District determines that no additional Bonds are to be issued, and (b) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the District.

“Transition Year” means the first year in which the CFD Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

“Unit” means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) other research by the CFD Administrator. An Accessory Dwelling Unit shall not be considered a Unit for the purposes of the Special Tax.

“Use Code” means that code assigned by the County for the purpose of identifying the primary activity for which an Assessor’s Parcel is being used.

“Vacant Property” means all Assessor’s Parcels of Taxable Property that have an Assessed Value that does not include an improvement value that is not otherwise classified as Agricultural Property, Mobile Home Property, Single Family Residential Property, Multi-Family Residential Property, Non-Residential Property, or Resort Property.

“Welfare Exempt Property” means all Assessor’s Parcels within the boundaries of CFD No. 2021-1 that have been granted a welfare exemption pursuant to Section 53340 (c) under the Act under subdivision (g) of Section 214 of the Revenue and Taxation Code by the County.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, the CFD Administrator shall determine the valid Assessor’s Parcel Numbers for all Taxable Property within CFD No. 2021-1. If any Assessor’s Parcel Numbers are no longer valid from the previous Fiscal Year, the CFD Administrator shall determine the new Assessor’s Parcel Number(s) that are in effect for the current Fiscal Year. To the extent Assessor’s Parcels of Taxable Property are subdivided, consolidated, or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor’s Parcel(s) pursuant to Section C.

Each Fiscal Year, all Assessor’s Parcels within CFD No. 2021-1 shall be classified as follows:

1. Each Assessor’s Parcel shall be determined to be Taxable Property, Taxable Contingent Property or Tax-Exempt Property. Taxable Property and Taxable Contingent Property shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.
2. Each Assessor’s Parcel of Taxable Property and Taxable Contingent Property shall be further classified as Single Family Residential Property, Mobile Home Property, Multi-Family Residential Property, Vacant Property, Agricultural Property, Non-Residential Property, Resort Property. For Residential Property, Mobile Home Park and Multi-Family Residential Property the number of Units for each Assessor’s Parcel shall be determined. For Vacant Property, Agricultural Property, and Resort Property, the number of Acres for each Assessor’s Parcel shall be determined. For Non-Residential Property the number of Building Square Footage for each Assessor’s Parcel shall be determined.

C. MAXIMUM SPECIAL TAX RATES

Notwithstanding the below, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default by the owner(s) of any other Assessor's Parcel within CFD No. 2021-1.

PRIOR TO THE TRANSITION EVENT

1. Taxable Property

The Maximum Special Tax for each Assessor's Parcel of Taxable Property is shown in Table 1.

**TABLE 1
MAXIMUM SPECIAL TAX FOR TAXABLE PROPERTY
FISCAL YEAR 2022/23**

Property Type	Maximum Special Tax	Per
Single Family Residential Property	\$173.93	Unit
Mobile Home Property	121.75	Unit
Multi-Family Residential Property	121.75	Unit
Resort Property	173.93	Acre
Agricultural Property		
Up to 5 Acres	86.97	Parcel
Greater than 5 Acres and up to 10 Acres	173.93	Parcel
Greater than 10 Acres and up to 50 Acres	260.90	Parcel
Greater than 50 Acres	434.83	Parcel
Vacant Property		
Up to 5 Acres	173.93	Parcel
Greater than 5 Acres and up to 10 Acres	347.86	Parcel
Greater than 10 Acres and up to 50 Acres	521.80	Parcel
Greater than 50 Acres	869.66	Parcel
Non-Residential Property		
Bldg. Sq. Ft. up to 2,500	347.86	Parcel
Bldg. Sq. Ft. over 2,500 up to 5,000	695.73	Parcel
Bldg. Sq. Ft. over 5,000 up to 15,000	1,043.59	Parcel
Bldg. Sq. Ft. over 15,000	1,739.32	Parcel

On each July 1, commencing on July 1, 2023, the Maximum Special Tax for Taxable Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Contingent Property

Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Taxable Contingent Property shall be assigned as shown in Table 1 according to the previous Taxable Property type and use.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2023, the Maximum Special Tax for Taxable Contingent Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

AFTER THE TRANSITION EVENT

The Maximum Special Tax for each Assessor's Parcel that may be levied in any Fiscal Year after the Transition Event is determined as, an amount equal to 100% of the Maximum Special Tax in the Fiscal Year prior to the Transition Year.

On each July 1 after the Transition Event, the Maximum Special Tax for Taxable Property and the Maximum Special Tax for Taxable Contingent Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

Commencing with Fiscal Year 2022/23 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement, and shall levy the Special Tax until the amount of the Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property at a rate up to 100% of the applicable Maximum Special Tax for Taxable Property to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Taxable Contingent Property at a rate up to 100% of the Maximum Special Tax for Taxable Contingent Property.

E. EXEMPTIONS

No Special Tax shall be levied on Public Property, Property Owner Association Property, or Welfare Exempt Property or any other property which would not normally receive a property tax bill from the County due to the very-low or zero assessed value of such property. However, should an Assessor's Parcel no longer be classified as Public Property, Property Owner Association Property, or Welfare Exempt Property or any other property which would not normally receive a property tax bill from the County due to the very-low or zero assessed value of such property, its tax-exempt status will be revoked. In the case of Public Property and pursuant to Section 53317.3 of the Act, if property not otherwise exempt from the Special Tax levied pursuant to this chapter is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property.

Taxable Contingent Property shall be subject to the levy of the Special Tax, assigned to a Property Type in accordance with the use of the property, and shall be taxed Proportionately as part of the second step in Section D above, at up to 100% of the applicable Maximum Special Tax.

F. APPEALS

Any property owner may file a written appeal of the Special Taxes with the CFD Administrator claiming that the amount or application of the Special Taxes is not correct. The appeal must be filed not later than

one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes 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 Taxes are 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 property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the Board of Directors whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the Board of Directors requires the Special Taxes to be modified or changed in favor of the property owner, the CFD Administrator shall determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. INTERPRETATIONS

The Board of Directors may, by resolution or ordinance, interpret, clarify and/or revise this Rate and Method of Apportionment to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of Assessor's Parcels, or any definition used herein, as long as such correction does not materially affect the levy and collection of Special Taxes. In addition, the interpretation and application of any section of this document shall be at the District's discretion.

H. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may, at the sole discretion of the District, directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of the Special Tax.

I. PREPAYMENT OF SPECIAL TAX

The Special Tax may not be prepaid.

J. TERM

The Special Tax shall be levied and collected, as needed to fund the Special Tax Requirement, in perpetuity. However, no portion of the Special Tax shall be levied for Authorized Facilities after Fiscal Year 2057/58, which shall be the last Fiscal Year in which the Transition Event may occur: provided, however, that a Special Tax that was lawfully levied for Authorized Facilities in or before Fiscal Year 2057/58 and that remains delinquent may be collected in subsequent years.