

CITY OF HIGHLAND SPECIAL MEETING OF THE CITY COUNCIL AGENDA

SPECIAL MEETING

July 14, 2022
4:00 p.m.
City Hall
Donahue Council Chambers
27215 Base Line
Highland, California

CITY COUNCIL MEMBERS

LARRY McCALLON, MAYOR
PENNY LILBURN, MAYOR PRO TEM
JESSE CHAVEZ, COUNCIL MEMBER
ANAELI SOLANO, COUNCIL MEMBER
JOHN P. TIMMER, COUNCIL MEMBER

STAFF

Joseph A. Hughes - City Manager
Chuck Dantuono - Director of Administrative Services/City Treasurer
Betty Hughes - City Clerk
Lawrence Mainez - Community Development Director
Carlos Zamano - Public Works Director/City Engineer
Maricela Marroquin - City Attorney

MISSION STATEMENT

Highland is dedicated to the betterment of the individual, the family, the neighborhood and the community. The City Council and the staff of Highland are dedicated to providing the quality of public facilities and services that its citizens are willing to fund and will do so as efficiently as possible.

Visit the City's website at: www.cityofhighland.org

CITY OF HIGHLAND | 27215 BASE LINE | HIGHLAND, CALIFORNIA 92346 | (909) 864-6861 ☎; (909) 862-3180 📠

The City of Highland complies with the Americans with Disabilities Act of 1990. If you require special assistance to attend or participate in this meeting, please call the City Clerk's Department at (909) 864-6861, ext. 226, at least 72 hours prior to the meeting.

Pursuant to Government Code Section 54957.5, any disclosable public records related to an open session item on a regular meeting agenda and distributed by the City of Highland to all or a majority of the City Council less than 72 hours prior to that meeting are available for public inspection at City Hall, 27215 Base Line, Highland, CA 92346, during normal business hours.

Submission of Public Comments: For those wishing to make a public comment regarding a public hearing item (No. 1), please identify the agenda item in the subject line. Comments can be submitted any time prior to the meeting, as well as during the meeting up until the close of the public hearing on the corresponding item to be considered part of the record. Please email your comments to publiccomment@cityofhighland.org. All email comments shall be subject to the same rules as would otherwise govern speaker comments at the Council meeting. Members of the public will be permitted to make public comments in person.

CALL AND NOTICE OF A SPECIAL MEETING OF THE HIGHLAND CITY COUNCIL

Donahue Council Chambers – City Hall
27215 Base Line, Highland, California

July 14, 2022 – 4:00 p.m.

NOTICE IS HEREBY GIVEN that a special meeting of the Highland City Council is hereby called to be held on July 14, 2022, at 4:00 p.m., in the City Council Chambers of City Hall located at 27215 Base Line, Highland, California. Said special meeting shall be for the purpose of conducting business in accordance with the attached Agenda.

AGENDA

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT (LIMITED TO ITEMS ON THIS AGENDA ONLY)

To address the City Council, please complete a speaker form located at the entrance and give it to the City Clerk prior to the beginning of the meeting. Your name will be called when it is your turn to speak. Those wishing to speak on an item ON THE AGENDA will be heard at this time. State Law prohibits the City Council from taking action on any item not on the agenda. Individual speakers are limited to three minutes each.

Comments received via email by July 14, 2022, 3:00 p.m., will be read into the record, provided that the reading shall not exceed three (3) minutes. Email comments submitted by a speaker that also appears in person to address the same matter will not be read into the record.

CITY COUNCIL PUBLIC HEARING

1. Public Hearing to Consider Calling a Special Election; Declaring the Results of the Election; and Approving Formation and Levy of Special Taxes for City of Highland Community Facilities District No. 2022-01 (Mediterra) Generally on Greenspot Road, East of La Cresta Street

RECOMMENDATION: That the City Council:

- 1) Open the public hearing and take testimony, if any;
- 2) Following the public hearing, staff recommends that the City Council adopt Resolution No. 2022-_____ entitled, "A Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit Therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of Such Community Facilities District";
- 3) That the City Council adopt Resolution No. 2022-_____ entitled: "A Resolution of the City Council of the City of Highland, California, Calling a Special Election and Submitting to the Qualified Electors of City of Highland Community Facilities District No. 2022-01 (Mediterra) Propositions Regarding the Establishment of an Appropriations Limit and the Annual Levy of a Special Tax Within the Community Facilities District";
- 4) That the City Council adopt Resolution No. 2022-_____ entitled, "A Resolution of the City Council of the City of Highland, California, Declaring the Results of a Special Election in City of Highland Community Facilities District No. 2022-01 (Mediterra) and Directing the Recording of a Notice of Special Tax Lien"; and
- 5) Waive full reading, read by title only, and introduce Ordinance No. _____ entitled: "An Ordinance of the City Council of the City of Highland, California, Acting in its Capacity as the Legislative Body of City of Highland Community Facilities District No. 2022-01 (Mediterra) Authorizing the Levy of a Special Tax Therein."

ADJOURN

I, Betty Hughes, City Clerk, certify I caused to be posted this Agenda on or before July 7, 2022, by 5:30 p.m., on our website at www.cityofhighland.org and in the following designated areas:

Highland Branch Library
7863 Central Avenue

Fire Station No. 1
26974 Base Line

City Hall
27215 Base Line

Date: July 7, 2022



Betty Hughes, MMC
City Clerk



STAFF REPORT

TO THE CITY COUNCIL

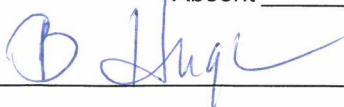
DATE: July 14, 2022

FROM: Joseph A. Hughes, City Manager

PREPARED BY: Matt Bennett, Assistant Public Works Director *MB*

SUBJECT: Public hearing to consider calling a special election; declaring the results of the election; and approving formation and levy of special taxes for City of Highland Community Facilities District No. 2022-01 (Mediterra) generally on Greenspot Road east of La Cresta Street

- RECOMMENDATION:** 1) That the City Council open the public hearing and take testimony, if any;
- 2) Following the public hearing, staff recommends that the City Council adopt Resolution No. 2022-____, entitled: A RESOLUTION OF FORMATION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, TO ESTABLISH CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA), TO ESTABLISH AN APPROPRIATIONS LIMIT THEREFOR, TO AUTHORIZE THE SUBMITTAL OF THE LEVY OF SPECIAL TAXES, AND TO SUBMIT THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT, TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT; AND
- 3) That the City Council adopt Resolution No. 2022-____, entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, CALLING A SPECIAL ELECTION AND SUBMITTING TO THE QUALIFIED ELECTORS OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) PROPOSITIONS REGARDING THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT AND THE ANNUAL LEVY OF A SPECIAL TAX WITHIN THE COMMUNITY FACILITIES DISTRICT; AND
- 4) That the City Council adopt Resolution No. 2022____, entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, DECLARING THE RESULTS OF A SPECIAL ELECTION IN CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) AND DIRECTING THE RECORDING OF A NOTICE OF SPECIAL TAX LIEN; AND

Approved _____	Motion _____	Second _____	Agenda Item No. <u>1</u>
Denied _____	Ayes _____		
Continued _____	Noes _____		File No. _____
Tabled _____	Abstain _____		
	Absent _____		
 City Clerk		 City Manager	

5) That the City Council waive full reading, read by title only, and introduce Ordinance No. 2022-____, entitled: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN

FISCAL IMPACT:

PUBLIC NOTICE: The agenda for this item was posted at the three locations per Resolution No. 2011-047 and on the City's website.

BACKGROUND: On June 14, 2022 the City Council took the first step in the process of forming CFD 2022-01 (Mediterra) ("CFD No. 2022-01"). At that time the City Council adopted a Resolution of Intention, Resolution No. 2022-35, to form CFD No. 2022-01 and to authorize the levy of a special tax. Subsequent to the June 14, 2022 City Council meeting, the Rate and Method of Apportionment was amended per negotiations between the Developer and City staff. Pursuant to Section 53325 of the Act, which allows for modifications of the Rate and Method of Apportionment at the public hearing, the maximum Special Tax A, Special Tax B, Special Tax C and Special Tax D rates for Developed - Single Family - Medium Density Residential Property was reduced to the rate shown in the Amended Rate and Method of Apportionment attached as part of the CFD Report attached as Exhibit "C". At that meeting the City Council set July 14, 2022 as the date for this public hearing.

The State Legislature enacted the Mello-Roos Act of 1982 (the "Act") to assist public agencies in financing certain public services. The developer, (1) D.R. Horton Los Angeles Holding Company, Inc., (2) Vista Verde – Highland, L.P. and (3) Greenspot Corridor, LLC, requested that the City assist them in forming a district in order to cover the costs associated with the maintenance of public improvements within the proposed project area which is projected to include 149 single family units, 1 private park and 1 public park for Phases 1 & 2. Phases 3 & 4 are currently undeveloped. The CFD was formed in order to:

- Conduct maintenance, including energy charges, operation, maintenance and administrative costs of streetlights and park lights within the boundaries of the CFD;
- Conduct the maintenance of landscaping, including streetscape, slopes, and medians specifically identified within the CFD;
- Conduct the maintenance of parks including landscaping and park facilities such as play structures, public gathering spaces, multi-purpose tables, lighting, trash and recycling receptacles, barbeque areas and other related facilities.
- Conduct the maintenance, administration and inspections of stormwater facilities and BMPs including water quality basins and any other NPDES/WQMP/BMP related devices;
- Conduct litter and graffiti removal on soundwalls and other amenities, plus normal painting as required, within the CFD;
- All other related services necessary or useful for, or in connection with, the authorized services listed above, including building a reserve fund for replacement; and
- Levy and collect the special tax to fund these services.

The proposed district will be composed of Special Tax A, Special Tax B, Special Tax C and Special Tax D. Special Tax A provides funding for maintenance of the in-tract streetlights, landscaping in the medians and basin frontage on Greenspot Rd. Special Tax B provides funding for maintenance of the public park including landscaping, playground equipment, benches, trash receptacles, hardscape and other associated park equipment. Special Tax C provides funding for maintenance of Lot E (westerly slope), Lot F (parkway along Greenspot Road), private pocket park Lot A in TR 18893-1 and fuel modification. Special Tax D provides funding for maintenance of the detention basin and landscaping in the median and roundabout on Mediterra parkway. Maintenance of the Special Tax C and Special Tax D improvements shall be the responsibility of the Property Owner's Association which will enter into a Dormancy Agreement with the City. The Dormancy Agreement states that Special Tax B and Special Tax D will not be levied in any year, unless and until, the first year the City determines that the Special Tax B improvements have not been maintained by the Property Owner's Association to a standard acceptable to the City.

ANALYSIS

Approval of the attached Resolutions are required under the Act to levy a special tax and fund certain services.

The Maximum Special Tax for Developed Property is summarized as follows:

Description	Taxable Unit	Maximum Special Tax A Per Taxable Unit	Maximum Special Tax B Per Taxable Unit	Maximum Special Tax C Per Taxable Unit	Maximum Special Tax D Per Taxable Unit
Single Family - Low Density Residential Property	D/U	\$144.00	\$425.00	\$462.00	\$77.00
Single Family - Medium Density Residential Property	D/U	\$86.00	\$255.00	\$277.00	\$46.00
Multifamily Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00
Non-Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00

These rates will increase based on the percentage increase in the Consumer Price Index with a maximum annual increase of 6% and a minimum annual increase of 2% of the Maximum Special Tax in effect in the previous fiscal year. The owners have filed a petition representing their willingness to move forward.

ALTERNATIVES

Not adopt the resolutions and not authorize the levy of a special tax.

FINANCIAL IMPACT

The property owners have filed a petition representing their willingness to move forward and have submitted a deposit to pay for City costs incurred in connection with the formation of the District. After the district is formed, a special tax lien will be recorded on the property within the District and the individual property owners shall be responsible for the annual payments of special taxes. The City will file the annual special tax to be collected with the County Auditor-Controller for placement on the property tax bills. The City's cost to administer CFD No. 2022-01 annually will be reimbursed through the special taxes charged to property owners. The revenue from the annual special tax will be deposited into a fund for CFD No. 2022-01 and will be used to pay said administrative expenses and for the maintenance services listed above. There is no anticipated impact to the general fund in FY 2022-23. Approval of the actions set forth in this staff report do not in any way commit the City to any financial contribution or liability by CFD No. 2022-01.

LEGAL

The Mello-Roos Community Facilities Act of 1982 (the "Act") authorizes the initiation of the establishment of community facilities districts upon receipt by the City of a petition requesting institution of proceedings by owners of not less than 10% of the area of land proposed to be included within the district. The City has received the signed petitions from all land owners.

Attachments:

1. Resolution No. 2022-____, Authorizing Formation
2. Resolution No. 2022-____, Calling a Special Election
3. Resolution No. 2022-____, Declaring Election Results
4. CFD Report – CFD 2022-01 (Mediterra)
5. Ordinance Authorizing the Levy of a Special Tax

RESOLUTION NO. 2022-__

A RESOLUTION OF FORMATION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, TO ESTABLISH CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA), TO ESTABLISH AN APPROPRIATIONS LIMIT THEREFOR, TO AUTHORIZE THE SUBMITTAL OF THE LEVY OF SPECIAL TAXES, AND TO SUBMIT THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT, TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT.

The City Council of the City of Highland the ("City Council") does resolve as follows:

WHEREAS, on June 14, 2022, the City Council adopted a resolution entitled "A Resolution of Intention of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra) and to authorize the Levy of a Special Tax within City of Highland Community Facilities District No. 2022-01 (Mediterra)" (the "Resolution of Intention"), stating its intention to form Community Facilities District No. 2022-01 (Mediterra) (the "CFD"), of the City pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act") to finance certain services to serve the CFD (the "Services");

WHEREAS, the Resolution of Intention, setting forth a description of the proposed boundaries of the CFD, Services to be financed by the CFD, including incidental expenses, and the Rate and Method of Apportionment of the Special Tax (the "Special Tax") to be levied within the CFD to pay for the Services. Subsequent to the June 14, 2022 City Council meeting, the Rate and Method of Apportionment was amended. Pursuant to Section 53325 of the Act, which allows for modifications of the Rate and Method of Apportionment at the public hearing, the maximum Special Tax A, Special Tax B, Special Tax C and Special Tax D rates for Developed - Single Family - Medium Density Residential Property was reduced to the rate shown in the Amended Rate and Method of Apportionment attached as Exhibit "C" and is on file with the City Clerk and the provisions thereof are incorporated herein by this reference as if fully set forth herein;

WHEREAS, the Resolution of Intention set July 14, 2022 at 4:00 p.m., or as soon thereafter as practical, as the date for a public hearing on the establishment of the CFD, the extent of the CFD, the furnishing of the Services within the CFD, and the proposed Amended Rate and Method of Apportionment;

WHEREAS, on this date, this Council held a noticed public hearing as required by the Act and the Resolution of Intention relative to the proposed formation of the CFD;

WHEREAS, at the hearing all interested persons desiring to be heard for or against the establishment of the CFD, the extent of the CFD, the furnishing of the Services and the Amended Rate and Method of Apportionment were heard and a full and fair hearing was held;

WHEREAS, at the hearing evidence was presented to this Council on such matters before it, including a special report (the "CFD Report") as to the Services to be provided through the CFD and the costs thereof, a copy of which is on file with the City Clerk, and this Council, at the conclusion of said hearing, is fully advised in the premises;

WHEREAS, written protests with respect to the formation of the CFD, the furnishing of specified types of services and the Amended Rate and Method of Apportionment have not been filed with the City Clerk by fifty percent (50%) or more of the registered voters residing within the territory of the CFD or property owners of one-half (1/2) or more of the area of land within the CFD and not exempt from the proposed special taxes; and

WHEREAS, the Special Tax proposed to be levied in the CFD to pay for the proposed services has not been eliminated by protest by fifty percent (50%) or more of the registered voters residing within the territory of the CFD or the owners of one-half (1/2) or more of the area of land within the CFD and not exempt from the special taxes.

WHEREAS, City Staff reviewed the proposed CFD formation and determined that forming the CFD and financing the Services, as described in Section 7 of this Resolution, does not constitute a project for purposes of the California Environmental Quality Act, commencing with Section 21000 of the California Public Resources Code and the California Environmental Quality Act Guidelines, Article 5 of Chapter 3 of Division 6 of Title 14 of the California Code of Regulations, (collectively "CEQA"). CEQA Guidelines Section 15378 specifically state that the term "project" for CEQA purposes does not include "continuing administrative or maintenance activities" or "the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." (CEQA Guidelines §§ 15378 (b)(2) and (b)(4).)

WHEREAS, the CFD is intended to fund street light and park lights, landscaping maintenance, park maintenance, trails and private access road maintenance, stormwater and water quality basin maintenance services, and litter and graffiti removal on sound walls and other amenities, plus normal painting as required within the District, all other services necessary or useful for, or in connection with, the foregoing services, including building a reserve fund for replacement, which constitute administrative and maintenance functions of the City. Further, establishment of a revenue stream to fund ongoing services does not involve commitment to any specific project that would have a potentially

significant impact on the environment because the funds would not be used to construct new or expand existing facilities.

WHEREAS, in addition to the foregoing, because the project is a financing mechanism to fund ongoing administrative and maintenance operations, it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and therefore is exempt from CEQA's provisions. (CEQA Guidelines §15061(b)(3).)

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HIGHLAND DOES HEREBY FIND AND RESOLVE TO:

Section 1. Recitals Correct. The foregoing recitals are true and correct.

Section 2. Public Hearing. On July 14, 2022, pursuant to notice thereof duly given as provided by law, the City Council held a public hearing with respect to the establishment of the CFD and the annual levying of the Special Tax within the CFD to pay for the Services.

Section 3. No Majority Protest. The proposed Special Tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.

Section 4. Prior Proceedings Valid. All prior proceedings taken by this City Council in connection with the establishment of the CFD and the levy of the Special Tax have been duly considered and are hereby found and determined to be valid and in conformity with the Act.

Section 5. Name of the District. The community facilities district designated "City of Highland Community Facilities District No. 2022-01 (Mediterra)" of the City is hereby established pursuant to the Act.

Section 6. Boundaries of the District. The Resolution of Intention provides the boundaries of the territory proposed for inclusion in the CFD, as set forth in the map of the CFD heretofore recorded in the San Bernardino County Recorder's Office on June 22, 2022, in Book 90 at Page 39-40 as Instrument No. 2022-0222114 of Maps of Assessment and Community Facilities Districts.

Section 7. Description of Services. The Services proposed to be financed by the CFD and pursuant to the Act shall consist of those items shown in Exhibit "A" hereto and by this reference incorporated herein.

Section 8. Special Tax.

- a. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a Special Tax sufficient to pay the costs thereof, secured by the

recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes or in such other manner as may be prescribed by this Council.

b. The proposed Amended Rate and Method of Apportionment, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, is shown in Exhibit "B" attached hereto and hereby incorporated herein.

Section 9. Report. The CFD Report is hereby approved and is made a part of the record of the public hearing regarding the formation of the CFD, and is ordered to be kept on file with the City Clerk as part of the transcript of these proceedings.

Section 10. Responsible Official. The Finance Director of the City of Highland, located at City Hall, 27215 Base Line, Highland CA, 92346, telephone number (990) 864-6861, is the officer of the City who will be responsible for preparing annually a current roll of the levy of the Special Tax obligations by assessor's parcel number and who will be responsible for estimating future levies of the Special Tax.

Section 11. Tax Lien. 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 real property in the CFD 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 CFD ceases.

Section 12. Description of Voting Procedures. The voting procedures to be followed in conducting the special election (the "Special Election") on the proposition of the annual levy of the Special Tax and on the proposition to establish an appropriations limit for the CFD, if the CFD is established, shall be as follows:

a. If at least 12 persons have been registered to vote within the territory of the CFD for each of the 90 days preceding the close of the public or protest hearing (the "protest hearing"), the vote in the Special Election shall be by the registered voters of the CFD with each voter having one vote. In that event, the Special Election shall be conducted by the City Clerk, and shall be held on a date selected by the City Council in conformance with the provisions of Section 53326 of the Act and pursuant to the provisions of the California Elections Code governing elections of cities, insofar as they may be applicable, and pursuant to said Section 53326 the ballots for the Special Election shall be distributed to the qualified electors of the CFD by mail with return postage prepaid or by personal service, and the Special Election shall be conducted as a mail ballot election.

b. If 12 persons have not been registered to vote within the territory of the CFD for each of the 90 days preceding the close of the protest hearing, the vote in the Special Election is to be by the landowners of the CFD, with each landowner of record at the close of the protest hearing having one vote for each acre or portion of an acre of land that he or she owns within the CFD and the Special Election shall be conducted by the City Clerk pursuant Section 53326 of the Act as follows:

(i) The Special Election shall be held on the earliest date, following the adoption by the City Council of this Resolution and a resolution calling the Special Election, to submit to the qualified electors of the CFD the propositions with respect to: (i) the levy of Special Tax to finance the Services and (ii) the establishment of an appropriations limit for the CFD.

(ii) Pursuant to said Section 53326, the Special Election may be held earlier than 90 days following the close of the protest hearing if the qualified electors of the CFD waive the time limits for conducting the elections set forth in said Section 53326 by unanimous written consent and the Clerk concurs in such earlier election date as shall be consented to by the qualified electors.

(iii) Pursuant to said Section 53326, ballots for the Special Election shall be distributed to the qualified electors by the Clerk by mail with return postage prepaid, or by personal service.

(iv) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of cities, the City Clerk shall mail (or deliver) to each qualified elector an official ballot and shall also mail to all such qualified electors a ballot pamphlet and instructions to voter, including a sample ballot identical in form to the official ballot but identified as a sample ballot, a return identification envelope with prepaid postage thereon addressed to the City Clerk for the return of voted official ballots, and a copy of this Resolution and the exhibits hereto; provided, however, that analysis and arguments regarding the ballot measure may be waived with the unanimous consent of all the landowners, and in such event a finding regarding such waivers shall be made in the resolution adopted by the City Council calling the Special Election.

(v) The official ballot to be mailed (or delivered) by the Clerk to each landowner shall have printed or typed thereon the name of the landowner and the number of votes to be voted by the landowner and shall have appended to it a certification to be signed by the person voting the official ballot which shall certify that the person signing the certification is the

person who voted the official ballot, and if the landowner is other than a natural person, that he or she is an officer of or other person affiliated with the landowner entitled to vote such official ballot, that he or she has been authorized to vote such official ballot on behalf of the landowner, that in voting such official ballot it was his or her intent, as well as the intent of the landowner, to vote all votes to which the landowner is entitled based on its land ownership on the propositions set forth in the official ballot as marked thereon in the voting square opposite each such proposition, and further certifying as to the acreage of the landowner's land ownership within the CFD.

(vi) The return identification envelope delivered by the Clerk to each landowner shall have printed or typed thereon the following: (i) the name of the landowner, (ii) the address of the landowner, (iii) a declaration under penalty of perjury stating that the voter is the landowner or the authorized representative of the landowner entitled to vote the enclosed ballot and is the person whose name appears on the identification envelope, (iv) the printed name and signature of the voter, (v) the address of the voter, (vi) the date of signing and place of execution of said declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the Clerk.

(vii) The instruction to voter form to be mailed by the Clerk to the landowners shall inform them that the official ballots shall be returned to the Clerk properly voted as provided thereon and with the certification appended thereto properly completed and signed in the sealed return identification envelope with the certification thereon completed and signed and all other information to be inserted thereon properly inserted no later than 12:00 p.m. on the date of the Special Election, or immediately after the Resolution Calling the Special Election is adopted.

(viii) Upon receipt of the return identification envelopes, which are returned prior to the voting deadline on the date of the Special Election, the Clerk shall canvass the votes cast in the Special Election, and shall file a statement with the City Council as to the results of such canvass and the election on each proposition set forth in the official ballot.

Section 13. Exempt Property. Except as provided in Section 53340.1 of the Act and except for properties that a local agency is a landowner of within the meaning of subdivision (f) of Section 53317 of the Act, pursuant to Section 53340 of the Act, properties of entities of the state, federal and local governments shall be exempt from the levy of the Special Tax. Reference is hereby made to the Amended Rate and Method of

Apportionment for a description of other properties or entities that are expressly exempted from the levy of the Special Tax.

Section 14. Appropriations Limit. An appropriations limit for the CFD is hereby established, subject to voter approval, as an amount equal to 300 percent of all the proceeds of the Special Tax collected annually within such CFD and as defined by Article XIII B of the California Constitution, as adjusted for changes in the cost of living and changes in population.

Section 15. Special Tax Accountability Measures. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the City Council hereby establishes the following accountability measures pertaining to the levy by the CFD of the Special Tax described in Section 8 above:

- a. The Special Tax shall be levied for the specific purposes set forth in Section 7 hereof.
- b. The proceeds of the levy of the Special Tax shall be applied only to the specific purposes set forth in Section 7 hereof.
- c. The CFD shall establish an account or accounts into which the proceeds of such Special Tax shall be deposited.
- d. The City Manager, or his or her designee, acting for and on behalf of the CFD, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3.

Section 16. CEQA. The City Council hereby finds that the CFD formation involves creation of a funding mechanism for certain ongoing service and maintenance activities that do not have any potential for significantly impacting the environment. Further, the City Council hereby finds that it can be seen with certainty that the proposed financing mechanism and services funded thereby have no possibility of resulting in a significant effect on the environment. Therefore, the City Council, in its independent judgment, finds that the project is exempt from CEQA, and hereby directs City Staff to prepare and file a Notice of Exemption with the County Clerk within five days of adoption of this Resolution pursuant to Section 21152 of the California Public Resources Code and Section 15062 of the CEQA Guidelines.

Section 17. Effective Date. This resolution shall take effect upon its adoption.

APPROVED AND ADOPTED this 14th day of July 2022.

Larry McCallon
Mayor

ATTEST:

Betty Hughes, MMC
City Clerk

Exhibit "A"

Description of Services

Authorized Services shall be the following:

- **Street Lights and Park Lights:** Street lights and park lights maintenance including energy charges, operation, maintenance and administrative costs of streetlights and park lights within the boundaries of the CFD.
- **Landscape Maintenance:** Landscape maintenance to be financed, including streetscape, fencing and related facilities specifically identified within the CFD. The landscape maintenance may include, but is not limited to, all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, electricity, repair/replacement and inspection.
- **Park Maintenance:** Park maintenance to be financed, including maintenance of landscaping and park facilities. Park facilities may include, but is not limited to, fencing, retaining walls, drainage structures, play structures, public gathering spaces, multi-purpose tables, signage and lighting, trash and recycling receptacles, barbeque areas and related facilities specifically identified within the CFD. The landscape maintenance may include, but is not limited to, all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, electricity, repair/replacement and inspection.
- **Trails and Private Access Roads:** Trails and Private Access Roads maintenance includes furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of trails and private access roads.
- **Stormwater Facilities:** Maintenance, administration and inspection of the stormwater facilities and BMPs including water quality basins and any other NPDES/WQMP/BMP related devices. The maintenance may include but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, lighting, electricity, repair/replacement and inspection. Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting, visual inspection for functionality, vegetated as designed, irrigation is complete and in working order, noting any of the following: any deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient. Administration is inclusive of quality assurance and control of inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

- Litter and graffiti removal on sound walls and other amenities, plus normal painting as required, within the CFD.
- All other services necessary or useful for, or in connection with, the authorized services listed above, including building a reserve fund for replacement.

Exhibit "B"

Incidental Expenses

The cost of the Services shall include incidental expenses, including costs associated with formation of the District, determination of the amount of the Special Tax, collection of the Special Tax, payment of the Special Tax, costs incurred in order to carry out the authorized purposes of the District, and the costs of engineering, inspecting, coordinating, completing, planning and designing the Services, including the costs of environmental evaluations. Authorized Services shall be the following:

The following incidental expenses are examples of those that may be incurred in the formation of the District:

- Engineering services,
- Publishing, mailing and posting of notices,
- Governmental notification and filing costs,
- Election costs, and
- Charges and fees of the City other than those waived.

The following incidental expenses are examples of those that may be incurred in each annual Special Tax levy:

- Necessary consultant costs,
- Costs of posting and collecting the special taxes, and
- Administrative costs of the City.

Exhibit "C"

AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA)

[please see attached]

RESOLUTION NO. 2022-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, CALLING A SPECIAL ELECTION AND SUBMITTING TO THE QUALIFIED ELECTORS OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) PROPOSITIONS REGARDING THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT AND THE ANNUAL LEVY OF A SPECIAL TAX WITHIN THE COMMUNITY FACILITIES DISTRICT.

The City Council of the City of Highland the "City Council") does resolve as follows:

WHEREAS, on July 14, 2022, the City Council (the "City Council") of the City of Highland (the "City") held a public hearing (the "Public Hearing") on the establishment of Community Facilities District No. 2022-01 (Mediterra) (the "District"); and

WHEREAS, following the Public Hearing, the City Council adopted a resolution entitled "Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of such Community Facilities District" (the "Resolution of Formation") ordering the formation of the District, and subject to approval of the qualified electors of the District, authorizing the levy of a special tax (the "Special Tax") on property within the District and establishing an appropriations limit for the District, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act"); and

WHEREAS, pursuant to the Resolution of Formation, the propositions relating to the levy of the Special Tax and the establishment of an appropriations limit will be submitted to the qualified electors of the District as required by the Act; and

WHEREAS, no persons are registered to vote in the territory of the District; and

WHEREAS, the City Clerk has advised the City Council that she has received a Consent and Waiver from each and every landowner within the District, pursuant to which each landowner has expressly waived certain requirements related to the conduct of the election;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HIGHLAND DOES HEREBY FIND AND RESOLVE TO:

Section 1. Recitals Correct. The foregoing recitals are true and correct.

- a. **Call of Election.** The City Council hereby calls and schedules a special election for July 14, 2022, to consider the proposition described in Section 3 below.

Section 2. Proposition.

- a. Pursuant to Sections 53325.7, 53326 and 53353.5 of the Act, the proposition relating to the levy of the Special Tax and the proposition relating to the establishment of the appropriations limit shall be combined into one ballot proposition and shall be submitted to the qualified electors of the District as required by the Act.
- b. If the combined proposition for the levy of the Special Tax and the establishment of the appropriations limit receives the approval of more than two-thirds of the votes cast on the proposition, the Special Tax may be levied and the appropriations limit may be established as provided for in the Resolution of Formation.
- c. The amount, method of collection and purpose of the Special Tax are specified in the Resolution of Formation, on file in the office of the City Clerk and by this reference incorporated herein.
- d. The proposition to be submitted to the voters of the District at such special election shall be as follows:

“Shall special taxes with a rate and method of apportionment as set forth in Exhibit “B” to the resolution entitled “Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of such Community Facilities District” (the “Resolution of Formation”) be levied annually on taxable property within City of Highland Community Facilities District No. 2022-01 (Mediterra), to pay for street lights and park lights, landscape maintenance, park maintenance, trails and private access road maintenance, stormwater and water quality basin maintenance services, and litter and graffiti removal on sound walls and other amenities, plus normal painting, as required within the District, all other related services necessary or useful for, or in connection with, the foregoing services, including building a reserve fund for replacement, and incidental expenses thereto, all as set forth in Exhibit “A” to the Resolution of Formation, and shall the appropriations limit be established as set forth in Section 14 of the Resolution of Formation?”

Section 3. Electors Determined. The City Council finds that 12 persons have not been registered to vote within the territory of the District for the 90 days preceding the close of the Public Hearing and that pursuant to Section 53326 of the Act, the vote in the special election called by this Resolution shall be by the landowners of the District whose property would be subject to the special taxes if they were levied at the time of the election, and each landowner shall have one vote for each acre, or portion thereof, which he or she owns within the District which would be subject to the proposed special taxes if they were levied at the time of the election.

Section 4. Conduct of Election. Except as otherwise provided in Section 6 hereof, the special election shall be conducted by the City Clerk in accordance with the provisions of the California Elections Code governing mail ballot elections of cities, and in particular the provisions of Division 4 (commencing with Section 4000), of that Code, insofar as they may be applicable.

Section 5. Election Procedures.

- a. The procedures to be followed in conducting the special election on the proposition described in Section 3 shall be as provided in Section 12 of the Resolution of Formation. It is hereby acknowledged that the City Clerk has on file a copy of the Resolution of Formation.
- b. The City Council hereby finds that the qualified electors of the District have waived the time limits for conducting the special election by unanimous written consent as provided in the Consent & Waiver signed by the land owner.

Concurrence of the City Clerk. The City Council hereby finds and determines that the City Clerk has concurred in the shortened time for the election, pursuant to Section 53326 of the Act,

APPROVED AND ADOPTED this 14th day of July 2022.

Larry McCallon
Mayor

ATTEST:

Betty Hughes, MMC
City Clerk

RESOLUTION NO. 2022-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, DECLARING THE RESULTS OF A SPECIAL ELECTION IN CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) AND DIRECTING THE RECORDING OF A NOTICE OF SPECIAL TAX LIEN.

The City Council of the City of Highland the ("City Council") does resolve as follows:

WHEREAS, in proceedings heretofore conducted by the City Council pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311, of the California Government Code (the "Act"), the City Council adopted Resolution No. 2022-____ on July 14, 2022, entitled "Resolution of the City Council of the City of Highland, California, Calling a Special Election and Submitting to the Qualified Electors of City of Highland Community Facilities District No. 2022-01 (Mediterra) Propositions Regarding the Establishment of an Appropriations Limit and the Annual Levy of a Special Tax within the Community Facilities District" (the "Resolution Calling Election"), calling for a special election (the "Special Election") of the qualified electors within City of Highland Community Facilities District No. 2022-01 (Mediterra) (the "District"); and

WHEREAS, pursuant to the terms of the Resolution Calling Election, which are by this reference incorporated herein, the Special Election was held on July 14, 2022, and the City Clerk has on file a Certificate of the City Clerk as to the Results of the Canvass of the Election Returns (the "Certificate"), a copy of which is attached hereto as Exhibit A and by this reference incorporated herein; and **WHEREAS**, this City Council has reviewed said Certificate and hereby approves it;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HIGHLAND DOES HEREBY FIND AND RESOLVE TO:

Section 1. Recitals Correct. The foregoing recitals are true and correct.

Section 2. Ballot Measure. The ballot measure (the "Ballot Measure") presented to the qualified electors is set forth in Exhibit B attached hereto and by this reference incorporated herein.

Section 3. Election Results. The results of the Special Election are as set forth in the Certificate on file with the City Clerk and attached hereto as Exhibit A. Pursuant to the Certificate, the Ballot Measure presented at the Special Election was approved by the qualified electors of the District.

Section 4. Ballot Measure Authorized. This City Council, acting in its capacity as legislative body of the District, is hereby authorized to levy on the land within the

District the special tax described in the Ballot Measure for the purposes described therein and to take the necessary steps to levy the special tax authorized by the Ballot Measure. The appropriations limit as specified in the Ballot Measure is hereby established.

Section 5. Findings of Validity. It is hereby found that all prior proceeding and actions taken by this City Council with respect to the District were valid and in conformity with the Act.

Section 6. Notice of Special Tax Lien. The City Clerk is hereby directed to record in the office of the County Recorder of the County of Riverside within fifteen days of the date hereof a notice of special tax lien with respect to the District in substantially the form required by California Streets and Highways Code Section 3114.5.

APPROVED AND ADOPTED this 14th day of July 2022.

Larry McCallon
Mayor

ATTEST:

Betty Hughes, MMC
City Clerk

EXHIBIT "A"

**CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)**

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

I, Betty Hughes, MMC, City Clerk of the City of Highland, hereby certify that I canvassed the returns of the Special Election in the City of Highland Community Facilities District No. 2022-01 (Mediterra), and that the election was held in the Chambers of the City Council at 27215 Base Line, Highland CA, 92346 on July 14, 2022.

I further certify that the total number of ballots cast in said election and the total number of votes cast for and against the measure are full, true and correct:

Community Facilities District No. 2022-01 (Mediterra) Special Tax Election, July 14, 2022	Qualified Eligible Voters	Votes Cast	Yes	No
DR Horton - Ballot Measure	1	15		
Vista Verde - Highland, L.P	1	13		
Greenspot Corridor LLC	1	2		

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND this 14th
day of July, 2022.

By:

Betty Hughes, MMC
City Clerk

EXHIBIT “B”

(attach ballot measures here)

BALLOT MEASURE
SPECIAL ELECTION

CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)

This ballot is for a special landowner election. You must return this ballot in the enclosed postage paid envelope to the office of the City Clerk of the City of Highland no later than 12:00 p.m. on July 14, 2022, by mail; or in person to the location of the public hearing no later than 4:00 p.m. on July 14, 2022. The City Clerk's office is located at 27215 Base Line, Highland CA, 92346. The public hearing will be held at the City Council Chambers, 27215 Base Line, Highland CA, 92346.

This ballot is provided to D.R. Horton Los Angeles Holding Company, Inc., a California Corporation, (the "Owner") or authorized representative of such Owner of land within City of Highland Community Facilities District No. 2022-01 (Mediterra) and represents fifteen (15) votes on assessor parcel numbers:

0297-311-03-0000	0297-311-23-0000	0297-321-35-0000	0297-331-32-0000
0297-311-04-0000	0297-311-24-0000	0297-321-36-0000	0297-331-33-0000
0297-311-05-0000	0297-311-25-0000	0297-331-01-0000	0297-331-34-0000
0297-311-06-0000	0297-311-26-0000	0297-331-02-0000	0297-331-35-0000
0297-311-07-0000	0297-311-27-0000	0297-331-03-0000	0297-331-36-0000
0297-311-08-0000	0297-311-28-0000	0297-331-04-0000	0297-331-37-0000
0297-311-09-0000	0297-311-29-0000	0297-331-05-0000	0297-331-38-0000
0297-311-10-0000	0297-311-30-0000	0297-331-12-0000	0297-331-39-0000
0297-311-11-0000	0297-311-31-0000	0297-331-13-0000	0297-331-40-0000
0297-311-12-0000	0297-311-32-0000	0297-331-14-0000	0297-331-41-0000
0297-311-13-0000	0297-311-33-0000	0297-331-15-0000	0297-331-42-0000
0297-311-14-0000	0297-311-34-0000	0297-331-16-0000	0297-331-43-0000
0297-311-15-0000	0297-311-35-0000	0297-331-17-0000	0297-331-44-0000
0297-311-16-0000	0297-311-36-0000	0297-331-18-0000	0297-331-45-0000
0297-311-17-0000	0297-311-37-0000	0297-331-19-0000	0297-331-46-0000
0297-311-18-0000	0297-311-38-0000	0297-331-27-0000	0297-331-47-0000
0297-311-19-0000	0297-311-39-0000	0297-331-28-0000	0297-331-48-0000
0297-311-20-0000	0297-311-40-0000	0297-331-29-0000	0297-331-49-0000
0297-311-21-0000	0297-321-33-0000	0297-331-30-0000	0297-331-50-0000
0297-311-22-0000	0297-321-34-0000	0297-331-31-0000	0297-331-51-0000

To vote, mark a cross (X) in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden and make the ballot void.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Highland to obtain a replacement ballot.

MEASURE: "Shall special taxes with a rate and method of apportionment as set forth in Exhibit "B" to the resolution entitled "Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of such Community Facilities District" (the "Resolution of Formation") be levied annually on taxable property within City of Highland Community Facilities District No. 2022-01 (Mediterra), to pay for street lights and park lights, landscape maintenance, park maintenance, trails and private access road maintenance, stormwater and water quality basin maintenance services, and litter and graffiti removal on sound walls and other amenities, plus normal painting, as required within the District, all other related services necessary or useful for, or in connection with, the foregoing services, including building a reserve fund for replacement, and incidental expenses thereto, all as set forth in Exhibit "A" to the Resolution of Formation, and shall the appropriations limit be established as set forth in Section 14 of the Resolution of Formation?"

Yes

☐

No

☐

Property Owner/Authorized Representative Signature:

Vicki Gullion, Authorized Signatory

BALLOT MEASURE
SPECIAL ELECTION

CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)

This ballot is for a special landowner election. You must return this ballot in the enclosed postage paid envelope to the office of the City Clerk of the City of Highland no later than 12:00 p.m. on July 14, 2022, by mail; or in person to the location of the public hearing no later than 4:00 p.m. on July 14, 2022. The City Clerk's office is located at 27215 Base Line, Highland CA, 92346. The public hearing will be held at the City Council Chambers, 27215 Base Line, Highland CA, 92346.

This ballot is provided to Greenspot Corridor LLC., a California Limited Liability Company, (the "Owner") or authorized representative of such Owner of land within City of Highland Community Facilities District No. 2022-01 (Mediterra) and represents thirty-one (31) votes on assessor parcel numbers:

0297-021-31-0000
0297-051-27-0000

To vote, mark a cross (X) in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden and make the ballot void.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Highland to obtain a replacement ballot.

MEASURE: "Shall special taxes with a rate and method of apportionment as set forth in Exhibit "B" to the resolution entitled "Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of such Community Facilities District" (the "Resolution of Formation") be levied annually on taxable property within City of Highland Community Facilities District No. 2022-01 (Mediterra), to pay for street lights and park lights, landscape maintenance, park maintenance, trails and private access road maintenance, stormwater and water quality basin maintenance services, and litter and graffiti removal on sound walls and other amenities, plus normal painting, as required within the District, all other related services necessary or useful for, or in connection with, the foregoing services, including building a reserve fund for replacement, and incidental expenses thereto, all as set forth in Exhibit "A" to the Resolution of Formation, and shall the appropriations limit be established as set forth in Section 14 of the Resolution of Formation?"

Yes

☐

No

☐

Property Owner/Authorized Representative Signature:

Camille G. Bahri, Authorized Signatory

BALLOT MEASURE
SPECIAL ELECTION

CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)

This ballot is for a special landowner election. You must return this ballot in the enclosed postage paid envelope to the office of the City Clerk of the City of Highland no later than 12:00 p.m. on July 14, 2022, by mail; or in person to the location of the public hearing no later than 4:00 p.m. on July 14, 2022. The City Clerk's office is located at 27215 Base Line, Highland CA, 92346. The public hearing will be held at the City Council Chambers, 27215 Base Line, Highland CA, 92346.

This ballot is provided to Vista Verde – Highland, L.P., a Delaware Limited Partnership, (the "Owner") or authorized representative of such Owner of land within City of Highland Community Facilities District No. 2022-01 (Mediterra) and represents thirteen (13) votes on assessor parcel numbers:

0297-311-01-0000	0297-321-15-0000	0297-321-32-0000	0297-321-53-0000
0297-311-02-0000	0297-321-16-0000	0297-321-37-0000	0297-321-54-0000
0297-311-41-0000	0297-321-17-0000	0297-321-38-0000	0297-321-55-0000
0297-321-01-0000	0297-321-18-0000	0297-321-39-0000	0297-321-56-0000
0297-321-02-0000	0297-321-19-0000	0297-321-40-0000	0297-321-57-0000
0297-321-03-0000	0297-321-20-0000	0297-321-41-0000	0297-331-06-0000
0297-321-04-0000	0297-321-21-0000	0297-321-42-0000	0297-331-07-0000
0297-321-05-0000	0297-321-22-0000	0297-321-43-0000	0297-331-08-0000
0297-321-06-0000	0297-321-23-0000	0297-321-44-0000	0297-331-09-0000
0297-321-07-0000	0297-321-24-0000	0297-321-45-0000	0297-331-10-0000
0297-321-08-0000	0297-321-25-0000	0297-321-46-0000	0297-331-11-0000
0297-321-09-0000	0297-321-26-0000	0297-321-47-0000	0297-331-20-0000
0297-321-10-0000	0297-321-27-0000	0297-321-48-0000	0297-331-21-0000
0297-321-11-0000	0297-321-28-0000	0297-321-49-0000	0297-331-22-0000
0297-321-12-0000	0297-321-29-0000	0297-321-50-0000	0297-331-23-0000
0297-321-13-0000	0297-321-30-0000	0297-321-51-0000	0297-331-24-0000
0297-321-14-0000	0297-321-31-0000	0297-321-52-0000	0297-331-25-0000
		0297-331-26-0000	

To vote, mark a cross (X) in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden and make the ballot void.

If you wrongly mark, tear, or deface this ballot, return it to the City Clerk of the City of Highland to obtain a replacement ballot.

MEASURE: "Shall special taxes with a rate and method of apportionment as set forth in Exhibit "B" to the resolution entitled "Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the Qualified Electors of such Community Facilities District" (the "Resolution of Formation") be levied annually on taxable property within City of Highland Community Facilities District No. 2022-01 (Mediterra), to pay for street lights and park lights, landscape maintenance, park maintenance, trails and private access road maintenance, stormwater and water quality basin maintenance services, and litter and graffiti removal on sound walls and other amenities, plus normal painting, as required within the District, all other related services necessary or useful for, or in connection with, the foregoing services, including building a reserve fund for replacement, and incidental expenses thereto, all as set forth in Exhibit "A" to the Resolution of Formation, and shall the appropriations limit be established as set forth in Section 14 of the Resolution of Formation?"

Yes

☐

No

☐

Property Owner/Authorized Representative Signature:

Stephen Porath, Esq., Authorized Signatory

CFD Report

City of Highland Community Facilities District 2022-01 (Mediterra)

July 2022

Prepared for:



**City of Highland
27215 Base Line
Highland, CA 92346**

Prepared by:



Harris & Associates

**41593 Winchester Rd, Suite 200
Temecula, California 92590
(619) 236-1778 ext. 1261**

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COMMUNITY FACILITIES DISTRICT 2022-01 (MEDITERRA)

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APPENDIX

Rate and Method of Apportionment_____	A
Boundary Map_____	B

Agency: City of Highland
Project: City of Highland
Community Facilities District No. 2022-01 (Mediterra)
County of San Bernardino, State of California

**Community Facilities District Report
“Mello-Roos Community Facilities Act of 1982”**

A. Introduction

Whereas, the City Council of the City of Highland, County of San Bernardino, State Of California (Council), did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Division 2 of Title 5 of the California Government Code (Act), on June 14, 2022, adopt Resolution No. 2022-35 and on July 14, 2022, adopt Resolution 2022-____ (Resolutions) expressly ordering the preparation and filing of a written Report for a proposed Community Facilities District (Report). This Community Facilities District shall be referred to as City of Highland Community Facilities District No. 2022-01 (Mediterra) (CFD) and (CFD No. 2022-01 (Mediterra)); and,

Whereas, The Resolution ordering said Report, did direct that the Report generally contain the following:

- ◆ A brief description of the services by type proposed to be financed by the CFD which will adequately meet the needs of the CFD; and
- ◆ An estimate of the costs of providing such services, including the incidental expenses, to be incurred in connection with the CFD;

Now, Therefore, the undersigned, authorized representative of Harris & Associates, the appointed Special Tax Consultant and responsible officer or person directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following data.

B. Description of Services

A Community Facilities District may provide for financing of certain public services which are necessary to meet increased demands placed upon local agencies as a result of development or rehabilitation occurring with the CFD.

A general description of the proposed services, pursuant to the terms stated in Exhibit "A" of the Resolution, is as follows:

Street Lights

- ◆ Street lights and park lights maintenance including energy charges, operation, maintenance and administrative costs of streetlights and park lights within the boundaries of the CFD.

Landscaping

- ◆ Landscape maintenance to be financed, including streetscape, fencing and related facilities specifically identified within the CFD. The landscape maintenance may include, but is not limited to, all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, electricity, repair/replacement and inspection.

Parks

- ◆ Park maintenance to be financed, including maintenance of landscaping and park facilities. Park facilities may include, but is not limited to, fencing, retaining walls, drainage structures, play structures, public gathering spaces, multi-purpose tables, signage and lighting, trash and recycling receptacles, barbeque areas and related facilities specifically identified within the CFD. The landscape maintenance may include, but is not limited to, all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, electricity, repair/replacement and inspection.

Trails and Private Access Roads

- ◆ Trails and Private Access Roads maintenance includes furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of trails and private access roads.

Stormwater Facilities

- ◆ Maintenance, administration and inspection of the stormwater facilities and BMPs including water quality basins and any other NPDES/WQMP/BMP related devices. The maintenance may include but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, lighting, electricity, repair/replacement and inspection. Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting, visual inspection for functionality, vegetated as designed, irrigation is complete and in working order, noting any of the following: any deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient. Administration is inclusive of quality assurance and control of

inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

Graffiti Abatement

- ◆ Litter and graffiti removal on sound walls and other amenities, plus normal painting as required, within the CFD.

Incidentals

- ◆ All other related services necessary or useful for, or in connection with, the authorized services listed above, including building a reserve fund for replacement.

The services listed herein are representative of the types of services authorized to be financed by Community Facilities District No. 2022-01 (Mediterra). Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the City of Highland. Addition, deletion or modification of descriptions of the services may be made consistent with the requirements of the City Council of the City of Highland, the Community Facilities District No. 2022-01 (Mediterra), and the Act.

Based upon the above, it is my opinion that the services being funded are those that are necessary to meet certain increased demands placed upon the City of Highland, as a result of development occurring within the boundaries of the CFD.

Dated this 14th of July 2022.

Harris & Associates



Special Tax Consultant
CFD 2022-01 (Mediterra)
City of Highland
County of San Bernardino
State of California

C. Cost Estimate

1. The cost estimate, including incidental expenses, is approximately \$21,516.87 annually for Special Tax A, \$63,312.68 for Special Tax B, \$68,782.98 for Special Tax C and \$11,513.76 for Special Tax D. The Maximum Special Taxes within the CFD have been established to pay for these services (as defined in the Amended Rate and Method of Apportionment attached in Appendix A) up to the following:

Description	Taxable Unit	Maximum Special Tax A Per Taxable Unit	Maximum Special Tax B Per Taxable Unit	Maximum Special Tax C Per Taxable Unit	Maximum Special Tax D Per Taxable Unit
Single Family - Low Density Residential Property	D/U	\$144.00	\$425.00	\$462.00	\$77.00
Single Family - Medium Density Residential Property	D/U	\$86.00	\$255.00	\$277.00	\$46.00
Multifamily Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00
Non-Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00

These amounts shall be increased annually based upon the percentage change in the Consumer Price Index, with a maximum annual increase of six percent (6%) and a minimum increase of two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.

2. Pursuant to Section 53340 of the Act, the proceeds of any special tax levied and collected by CFD No. 2022-01 (Mediterra) may be used only to pay for the cost of providing 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 community facilities district. The incidental expenses associated with the annual administration of CFD No. 2022-01 (Mediterra) are initially estimated to be \$10,000. This amount shall be increased based upon the percentage change in the Consumer Price Index, with a maximum annual increase of six percent (6%) and a minimum increase of two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.
3. The cost of the services shall include incidental expenses, including costs associated with formation of the CFD, determination of the amount of the special tax, collection of the special tax, payment of the special tax, costs incurred in order to carry out the authorized purposes of the CFD, and the costs of engineering, inspecting, coordinating, completing, planning and designing the services, including the costs of environmental evaluations.

The following incidental expenses are examples of those that may be incurred in the formation of the CFD:

- Engineering services,
- Publishing, mailing and posting of notices,
- Governmental notification and filing costs,
- Election costs, and
- Charges and fees of the City of Highland other than those waived.

The following incidental expenses are examples of those that may be incurred in each annual special tax levy:

- Necessary consultant costs,
- Costs of posting and collecting the special taxes, and
- Administrative costs of the City of Highland related to each annual special tax levy.

Dated this 14th of July 2022.

Harris & Associates



Special Tax Consultant
CFD 2022-01 (Mediterra)
City of Highland
County of San Bernardino
State of California

D. Rate and Method of Apportionment of Special Tax

1. The Amended Rate and Method of Apportionment of the special tax is attached hereto as Appendix A (Rate and Method). The special tax will be collected in the same manner and at the same time as ad valorem property taxes and subject to the same penalties and provisions; however, the special tax may be collected at a different time or in a different manner if necessary, for CFD No. 2022-01 (Mediterra) to meet its financial obligations as permitted by the Act.
2. Maintenance of the Special Tax C and Special Tax D Improvements shall be the responsibility of the Property Owner's Association as long as the Special Tax C and Special Tax D Improvements are being maintained to a standard acceptable to the City. Special Tax C and Special Tax D shall not be levied in any year the City determines that the Special Tax C and Special Tax D Improvements have been maintained to a standard acceptable to the City. Special Tax C and Special Tax D shall begin to be levied in the first year in which the City determines that the Special Tax B Improvements, have not been maintained to a standard acceptable to the City of Highland. The City shall not levy Special Tax C and Special Tax D without first giving notice to the Property Owner's Association specifying the maintenance deficiency related to the Special Tax C and Special Tax D Improvements and allowing a sufficient period for curing such deficiency.
2. All the property located within CFD No. 2022-01 (Mediterra), unless exempt by law or by the Amended Rate and Method of Apportionment of the special tax proposed for CFD No. 2022-01 (Mediterra), shall be taxed for the purpose of providing necessary services to the CFD. 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 benefit received by property, the cost of maintaining facilities or authorized services available or other reasonable basis as determined by the Council, although the special tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.
3. In order to establish the special tax for the CFD, Harris & Associates has relied upon information including, but not limited to: building square footage, net taxable acreage, land use type, types of services, square footage of service areas, street light parameters, groundcover, shrubs, and trees, and plant material expected to be included within the CFD, and estimated costs to maintain which were provided to Harris & Associates by developers, City of Highland, County of San Bernardino, and others. Harris & Associates has not independently verified such data and disclaims responsibility for the impact of inaccurate data provided by others, if any, on the Amended Rate and Method of Apportionment for CFD No. 2022-01 (Mediterra), including the inability to meet the financial obligations of the CFD.

It is my opinion that the special tax Amended Rate and Method of Apportionment, as above set forth, is fair and reasonable.

Dated this 14th of July 2022.

Harris & Associates



Special Tax Consultant
CFD 2022-01 (Mediterra)
City of Highland
County of San Bernardino
State of California

E. Proposed Boundaries

CFD No. 2022-01 (Mediterra) is located in the City of Highland and is generally located on Greenspot Rd. east of La Cresta St. CFD No. 2022-01 (Mediterra) encompasses the congruent areas of Special Tax Area A, Special Tax Area B, Special Tax Area C and Special Tax Area D and is projected to contain 149 single-family parcels totaling 26.57 net assessable acres at build-out for Phases 1 & 2. Phases 3 & 4 are currently undeveloped totaling 30.82 gross assessable acres. In addition, Phases 1 & 2 of the planned community will include 1 private park and 1 public park, trails and access road, open space areas, detention basin, and appurtenant drainage improvements. Phase 3 is currently zoned low-density residential and phase 4 is currently zoned medium-density residential. There are 8 exempt parcels with the boundaries of the CFD.

The proposed boundaries of the CFD are those properties and parcels for which special taxes may be levied to pay for the costs and expenses of the services described above. The proposed CFD boundaries as of the date of this Report include the following assessor parcel number(s):

Taxable Parcels:

0297-021-31-0000	0297-311-30-0000	0297-321-19-0000	0297-321-49-0000	0297-331-22-0000
0297-311-01-0000	0297-311-31-0000	0297-321-20-0000	0297-321-50-0000	0297-331-23-0000
0297-311-02-0000	0297-311-32-0000	0297-321-21-0000	0297-321-51-0000	0297-331-24-0000
0297-311-03-0000	0297-311-33-0000	0297-321-22-0000	0297-321-52-0000	0297-331-25-0000
0297-311-04-0000	0297-311-34-0000	0297-321-23-0000	0297-321-53-0000	0297-331-26-0000
0297-311-05-0000	0297-311-35-0000	0297-321-24-0000	0297-321-54-0000	0297-331-27-0000
0297-311-06-0000	0297-311-36-0000	0297-321-25-0000	0297-321-55-0000	0297-331-28-0000
0297-311-07-0000	0297-311-37-0000	0297-321-26-0000	0297-321-56-0000	0297-331-29-0000
0297-311-08-0000	0297-311-38-0000	0297-321-27-0000	0297-321-57-0000	0297-331-30-0000
0297-311-09-0000	0297-311-39-0000	0297-321-28-0000	0297-331-01-0000	0297-331-31-0000
0297-311-10-0000	0297-311-40-0000	0297-321-29-0000	0297-331-02-0000	0297-331-32-0000
0297-311-11-0000	0297-311-41-0000	0297-321-30-0000	0297-331-03-0000	0297-331-33-0000
0297-311-12-0000	0297-321-01-0000	0297-321-31-0000	0297-331-04-0000	0297-331-34-0000
0297-311-13-0000	0297-321-02-0000	0297-321-32-0000	0297-331-05-0000	0297-331-35-0000
0297-311-14-0000	0297-321-03-0000	0297-321-33-0000	0297-331-06-0000	0297-331-36-0000
0297-311-15-0000	0297-321-04-0000	0297-321-34-0000	0297-331-07-0000	0297-331-37-0000
0297-311-16-0000	0297-321-05-0000	0297-321-35-0000	0297-331-08-0000	0297-331-38-0000
0297-311-17-0000	0297-321-06-0000	0297-321-36-0000	0297-331-09-0000	0297-331-39-0000
0297-311-18-0000	0297-321-07-0000	0297-321-37-0000	0297-331-10-0000	0297-331-40-0000
0297-311-19-0000	0297-321-08-0000	0297-321-38-0000	0297-331-11-0000	0297-331-41-0000
0297-311-20-0000	0297-321-09-0000	0297-321-39-0000	0297-331-12-0000	0297-331-42-0000
0297-311-21-0000	0297-321-10-0000	0297-321-40-0000	0297-331-13-0000	0297-331-43-0000
0297-311-22-0000	0297-321-11-0000	0297-321-41-0000	0297-331-14-0000	0297-331-44-0000
0297-311-23-0000	0297-321-12-0000	0297-321-42-0000	0297-331-15-0000	0297-331-45-0000
0297-311-24-0000	0297-321-13-0000	0297-321-43-0000	0297-331-16-0000	0297-331-46-0000
0297-311-25-0000	0297-321-14-0000	0297-321-44-0000	0297-331-17-0000	0297-331-47-0000
0297-311-26-0000	0297-321-15-0000	0297-321-45-0000	0297-331-18-0000	0297-331-48-0000
0297-311-27-0000	0297-321-16-0000	0297-321-46-0000	0297-331-19-0000	0297-331-49-0000
0297-311-28-0000	0297-321-17-0000	0297-321-47-0000	0297-331-20-0000	0297-331-50-0000
0297-311-29-0000	0297-321-18-0000	0297-321-48-0000	0297-331-21-0000	0297-331-51-0000
				0297-051-27-0000

Exempt Parcels:

0297-311-42-0000	0297-331-52-0000
0297-311-44-0000	0297-331-53-0000
0297-311-45-0000	0297-331-54-0000
0297-321-59-0000	0297-331-55-0000

A reduced scale map showing the boundaries of the CFD is provided as Appendix B. A full-scale map is on file with the City Clerk of the City of Highland and was recorded with San Bernardino County Recorder's Office in Book 90 of Maps of Assessment and Community Facilities Districts at Page 39-40 on June 22, 2022. Document No. 2022-0222114.

APPENDIX A
AMENDED RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAXES FOR
CFD 2022-01 (MEDITERRA)

**AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA)
OF THE CITY OF HIGHLAND, COUNTY OF SAN BERNARDINO,
STATE OF CALIFORNIA**

A Special Tax (all capitalized terms are defined in Section A., “Definitions”, below) shall be applicable to each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 2022-01 (Mediterra). The amount of Special Tax to be levied on a Parcel in each Fiscal Year, commencing in Fiscal Year 2023-2024, shall be determined by the City Council of the City of Highland, acting in its capacity as the legislative body of the CFD by applying the appropriate Special Tax as set forth in Sections B., C., and D., below. All of the real property within the CFD, unless exempted by law or by the provisions of Section E. below, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of a Parcel as indicated on the most recent Assessor’s Parcel Map, or if the land area is not shown on the Assessor’s Parcel Map, the land area shown on the applicable Final Map, Assessor’s Parcel Map, condominium plan, or other recorded County map or the land area calculated to the reasonable satisfaction of the Administrator using the boundaries set forth on such map or plan. The square footage of a Parcel is equal to the Acreage of such Parcel multiplied by 43,560.

“Act” means 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.

“Administrative Expenses” means all actual or reasonably estimated costs and expenses of the CFD that are chargeable or allocable to carry out its duties as the Administrator of the CFD as allowed by the Act, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax (whether by the City or designee thereof or both), any litigation or appeal involving the CFD, and other administrative expenses of the City or designee thereof directly related to the CFD. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD for attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

“Administrator” means an official of the City, or designee thereof, responsible for determining the annual amount of the levy and collection of the Special Taxes.

“Approved Property” means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a Building Permit prior to the April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor” means the Assessor of the County.

“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 the number assigned to a lot or Parcel for purposes of identification as determined from an Assessor Parcel Map or the applicable assessment roll.

“Base Year” means the Fiscal Year ending June 30, 2024.

“Boundary Map” means a recorded map of the CFD which indicates by a boundary line the extent of the territory identified to be subject to the levy of Special Taxes.

“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" shall not include any subsequent Building Permits issued or changed after the first issuance.

“CFD” means Community Facilities District No. 2022-01 (Mediterra) of the City of Highland.

“City” means the City of Highland, California

“Consumer Price Index” means the Consumer Price Index published by the U.S. Bureau of Labor Statistic for “All Urban Consumers” in the Riverside-San Bernardino-Ontario Area, measured as of the month of March in the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario Area.

“Council” means the City Council of the City acting as the legislative body of the CFD.

“County” means the County of San Bernardino, California.

“Developed Property” means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit for new construction has been issued prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Dwelling Unit” or “(D/U)” means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the Administrator.

“Exempt Property” means any Parcel which is exempt from Special Taxes pursuant to Section E., below.

“Final Map” means a subdivision of property by recordation of a Assessor’s 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 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Fiscal Year” means the 12 month period starting on July 1 of any calendar year and ending the following June 30.

“Fuel Modification” necessary maintenance of combustible native or ornamental vegetation to reduce the threat of wildfire.

“Land Use Class” means any of the classes listed in Table 1 and Table 2 of Section C. below.

“Maximum Special Tax” means the Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C or Maximum Special Tax D.

“Maximum Special Tax A” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax A, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

“Maximum Special Tax B” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax B, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

“Maximum Special Tax C” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax C, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

“Maximum Special Tax D” means for each Parcel in each Fiscal Year, the greatest amount of Special Tax D, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

“Mixed Use” means a zoning type that blends residential, commercial, retail or other land uses on a single parcel.

“Multifamily Residential Property” means all Parcels of Developed Property that consists of a building or buildings comprised of attached Dwelling Units available for rental by the general public, not for sale to an end user, and under common management.

“Non-Residential Property” means all Parcels of Developed Property for which a Building Permit was issued, permitting the construction of one or more non-residential structures.

“Operating Reserves” means cash reserves to fund the Special Tax A Requirement, Special Tax B Requirement, Special Tax C Requirement or Special Tax D Requirement in the event of cash flow shortages or unexpected increases in costs.

“Parcel(s)” means a lot or parcel within the CFD shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number valid as of July 1st for the Fiscal Year for which the Special Tax is being levied.

“Property Owner’s Association Property” means all Parcels which have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association, prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Proportionately” means for Parcels of Taxable Property that are (i) Developed Property, that the ratio of the actual Special Tax levy to Maximum Special Tax is the same for all 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 Parcels of Approved Property, and (iii) Undeveloped Property, Public Property or Property Owner’s Association Property, that the ratios of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property and Property Owner’s Association Property.

“Public Property” means all Parcels which, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied, are (i) used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State, the County, City or any other public agency, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

“Residential Property” means all Parcels of Developed Property for which a Building Permit has been issued permitting the construction of one or more residential Dwelling Units.

“Single Family Property” means all Parcels of Residential Property, other than Multifamily Residential Property.

“Single Family – Low Density Residential Property” means all Single Family Property with a density of 2.1 to 6.0 D/Us per acre, Planning Areas 1, 2 and 3.

“Single Family – Medium Density Residential Property” means all Single Family Property with a density of 4.0 to 12.0 D/Us per acre, Planning Area 4.

Special Tax(es)” means the Special Tax A, Special Tax B, Special Tax C and Special Tax D to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.

“Special Tax A” means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.1 to fund the Special Tax A Requirement.

“Special Tax Area A” means the parcels comprising Special Tax Area A as depicted and defined in the Boundary Map.

“Special Tax A Requirement” means for each Fiscal Year, that amount required to pay: (i) the estimated cost of Special Tax Area A Services for such Fiscal Year as determined by the City; (ii) fund the Special Tax A Reserve Fund in an amount not to exceed 20% of the Special Tax A Reserve Fund Requirement (iii) pay Administrative Expenses; (iv) pay for the actual or anticipated shortfall due to Special Tax A delinquencies in the current or prior Fiscal Year; and (v) less a credit for funds available to reduce the annual Special Tax A levy as determined by the Administrator.

“Special Tax A Reserve Fund” means a fund to be used for capital replacement and Operating Reserves related to the Special Tax A Services.

“Special Tax A Reserve Fund Requirement” means an amount up to 200% of the anticipated annual cost of Special Tax A Services of \$43,034 for the Base Year. The Special Tax A Reserve Fund Requirement shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the amount in effect in the previous Fiscal Year.

“Special Tax A Services” means (i) In-Tract Street lights maintenance including energy charges, operation, maintenance and administrative costs of streetlights within the boundaries of Special Tax Area A, (ii) Medians on Greenspot Rd - Landscape maintenance to be financed, including streetscape and related facilities specifically identified within Special Tax Area A. The landscape maintenance may include, but is not limited to, all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, electricity, repair/replacement and inspection, (iii) Streetscape Landscaping in front of Basin (Lot C of Tract 18893-2). The landscape maintenance may include, but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, lighting, electricity, repair/replacement and inspection. Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting, visual inspection for functionality, vegetated as designed, irrigation is

complete and in working order, noting any of the following: any deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient. Administration is inclusive of quality assurance and control of inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

“Special Tax B” means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.2 to fund the Special Tax B Requirement.

“Special Tax Area B” means the parcels comprising Special Tax Area B as depicted and defined in the Boundary Map.

“Special Tax B Requirement” means for each Fiscal Year, that amount required to pay: (i) the estimated cost of Special Tax Area B Services for such Fiscal Year as determined by the City; (ii) fund the Special Tax B Reserve Fund in an amount not to exceed 20% of the Special Tax B Reserve Fund Requirement (iii) pay Administrative Expenses; (iv) pay for the actual or anticipated shortfall due to Special Tax B delinquencies in the current or prior Fiscal Year; and (v) less a credit for funds available to reduce the annual Special Tax B levy as determined by the Administrator.

“Special Tax B Reserve Fund” means a fund to be used for capital replacement and Operating Reserves related to the Special Tax B Services.

“Special Tax B Reserve Fund Requirement” means an amount up to 200% of the anticipated annual cost of Special Tax B Services of \$126,625 for the Base Year. The Special Tax B Reserve Fund Requirement shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the amount in effect in the previous Fiscal Year.

“Special Tax B Services” means (i) Public Park Lot B TR 18893-2 (excluding Clubhouse and Pool area) landscape maintenance and related facilities, retaining walls, fencing, sidewalks, playground equipment, picnic tables, benches, trash receptacles, and related fixtures and exercise equipment and (ii) Trail and Access Road located in portions of Lot A of Tract 18893-1 and TR 18893-2 and estimated Trail and Access Road in Phase 3 and Phase 4. The landscaping maintenance in (i) may include, but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, streetlights, electricity, repair/replacement and inspection. Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting; visual inspection for functionality, vegetated as designed, irrigation is complete and in working order, noting any of the following: deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient.

Administration is inclusive of quality assurance and control of inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

“Special Tax C” means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.2 to fund the Special Tax C Requirement. Maintenance of the Special Tax C Improvements shall be the responsibility of the Property Owner’s Association as long as the Special Tax C Improvements are being maintained to a standard acceptable to the City. Special Tax C shall not be levied in any year the City determines that the Special Tax C Improvements have been maintained to a standard acceptable to the City. Special Tax C shall begin to be levied in the first year in which the City determines that the Special Tax C Improvements, have not been maintained to a standard acceptable to the City of Highland. The City shall not levy Special Tax C without first giving notice to the Property Owner’s Association specifying the maintenance deficiency related to the Special Tax C Improvements and allowing a sufficient period for curing such deficiency.

“Special Tax Area C” means the parcels comprising Special Tax Area C as depicted and defined in the Boundary Map.

“Special Tax C Requirement” means for each Fiscal Year, that amount required to pay: (i) the estimated cost of Special Tax Area C Services for such Fiscal Year as determined by the City; (ii) fund the Special Tax C Reserve Fund in an amount not to exceed 20% of the Special Tax C Reserve Fund Requirement (iii) pay Administrative Expenses; (iv) pay for the actual or anticipated shortfall due to Special Tax C delinquencies in the current or prior Fiscal Year; and (v) less a credit for funds available to reduce the annual Special Tax B levy as determined by the Administrator.

“Special Tax C Reserve Fund” means a fund to be used for capital replacement and Operating Reserves related to the Special Tax C Services.

“Special Tax C Reserve Fund Requirement” means an amount up to 200% of the anticipated annual cost of Special Tax C Services of \$137,566 for the Base Year. The Special Tax C Reserve Fund Requirement shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the amount in effect in the previous Fiscal Year.

“Special Tax C Services” means (i) Lot E (westerly slope) Tract 18893-1 landscape maintenance and related facilities, (ii) Lot F (parkway along Greenspot Road) Tract 18893-1 landscape maintenance and related facilities, (iii) Private Park Lot A Tract 18893-1 landscape maintenance and related facilities, (iv) debris walls and debris fencing, and (v) Fuel Modification in portions of Lot A Tract 18893-1 and Tract 18893-2. The landscaping maintenance in (i) may include, but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, streetlights, electricity, repair/replacement and inspection.

Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting; visual inspection for functionality, vegetated as designed, irrigation is complete and in working order, noting any of the following: deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient. Administration is inclusive of quality assurance and control of inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

“Special Tax D” means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.2 to fund the Special Tax D Requirement. Maintenance of the Special Tax D Improvements shall be the responsibility of the Property Owner’s Association as long as the Special Tax D Improvements are being maintained to a standard acceptable to the City. Special Tax D shall not be levied in any year the City determines that the Special Tax D Improvements have been maintained to a standard acceptable to the City. Special Tax D shall begin to be levied in the first year in which the City determines that the Special Tax D Improvements, have not been maintained to a standard acceptable to the City of Highland. The City shall not levy Special Tax D without first giving notice to the Property Owner’s Association specifying the maintenance deficiency related to the Special Tax D Improvements and allowing a sufficient period for curing such deficiency.

“Special Tax Area D” means the parcels comprising Special Tax Area D as depicted and defined in the Boundary Map.

“Special Tax D Requirement” means for each Fiscal Year, that amount required to pay: (i) the estimated cost of Special Tax Area D Services for such Fiscal Year as determined by the City; (ii) fund the Special Tax D Reserve Fund in an amount not to exceed 20% of the Special Tax D Reserve Fund Requirement (iii) pay Administrative Expenses; (iv) pay for the actual or anticipated shortfall due to Special Tax D delinquencies in the current or prior Fiscal Year; and (v) less a credit for funds available to reduce the annual Special Tax B levy as determined by the Administrator.

“Special Tax D Reserve Fund” means a fund to be used for capital replacement and Operating Reserves related to the Special Tax D Services.

“Special Tax D Reserve Fund Requirement” means an amount up to 200% of the anticipated annual cost of Special Tax D Services of \$23,028 for the Base Year. The Special Tax D Reserve Fund Requirement shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the amount in effect in the previous Fiscal Year.

“Special Tax D Services” means (i) Stormwater facilities and BMPs including water quality basins and any other NPDES/WQMP/BMP related devices which are eligible for financing under the Act, landscape maintenance, gabion baskets and fencing and (ii)

landscape maintenance and related facilities of Mediterra Parkway Median and Roundabout. The landscaping maintenance in (i) may include, but is not limited to all landscaping materials such as turf, ground cover, shrub, trees, plants, irrigation and drainage systems, weed control and other abatements, streetlights, electricity, repair/replacement and inspection. Inspection is inclusive of scheduling, travel time, visual inspection process and procedures, GPS location recording, reporting by device, annual reporting; visual inspection for functionality, vegetated as designed, irrigation is complete and in working order, noting any of the following: deficiencies, erosion, trash, silt, sediment, structural deficiencies. Maintenance is inclusive of repair or replacing any of the items noted as deficient or needing to be corrected to not be deficient. Administration is inclusive of quality assurance and control of inspection and maintenance, general contract administration, including phone calls and procurement of goods and services.

“State” means the State of California.

“Taxable Property” means all Parcels within the boundary of the CFD, inclusive of Special Tax A, Special Tax B, Special Tax C and Special Tax D pursuant to the Boundary Map which are not exempt from the Special Tax pursuant to Section E., below.

“Taxable Unit” means either a Dwelling Unit or an Acre, as shown in Tables 1-3.

“Undeveloped Property” means all Parcels of Taxable Property not classified as Developed Property, Approved Property, Public Property, or Property Owner’s Association Property.

B. ASSIGNMENT TO LAND USE CLASS

Each Fiscal Year, commencing with Fiscal Year 2023-2024, all Parcels of Taxable Property shall be classified as either Developed Property, Approved Property, Undeveloped Property, Public Property, or Property Owner’s Association Property; and subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C. and D.

Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall further be classified as Single Family – Low Density Residential Property, Single Family – Medium Density Residential Property or Multifamily Residential Property.

C. MAXIMUM SPECIAL TAX RATES

1. Developed Property

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D that may be levied and escalated, as explained further in Section C.1. (a) below, in any Fiscal Year for each Parcel classified as Developed Property shall be determined by reference to Table 1 below according to the Special Tax Area in which the Parcel is located.

TABLE 1
Maximum Special Tax Rates for Developed Property
for Fiscal Year 2023-2024

Land Use Class	Description	Taxable Unit	Maximum Special Tax A Per Taxable Unit	Maximum Special Tax B Per Taxable Unit	Maximum Special Tax C Per Taxable Unit	Maximum Special Tax D Per Taxable Unit
1	Single Family - Low Density Residential Property	D/U	\$144.00	\$425.00	\$462.00	\$77.00
2	Single Family - Medium Density Residential Property	D/U	\$86.00	\$255.00	\$277.00	\$46.00
3	Multifamily Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00
4	Non-Residential Property	Acre	\$810.00	\$1,161.00	\$2,589.00	\$211.00

(a) Increase in the Maximum Special Tax

On each July 1, following the Base Year, the Maximum Special Tax A, Special Tax B, Special Tax C and Maximum Special Tax D, identified in Table 1 above, shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.

(b) Multiple Land Use Classes

In some instances a Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax A that may be levied on such Parcel

shall be the sum of the Maximum Special Tax A that can be levied for each Land Use Class located on that Parcel. The Maximum Special Tax B that may be levied on such Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Class located on that Parcel. The Maximum Special Tax C that may be levied on such Parcel shall be the sum of the Maximum Special Tax C that can be levied for each Land Use Class located on that Parcel. The Maximum Special Tax D that may be levied on such Parcel shall be the sum of the Maximum Special Tax D that can be levied for each Land Use Class located on that Parcel. For a Parcel that contains more than one Land Use Class (Mixed Use) the residential portion will be assessed based on Dwelling Units and the other land uses will be assessed based on acreage as designated for each land use as determined by reference to the site plan approved for such Parcel. The Administrator's allocation to each Land Use Class shall be final.

2. Approved Property

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D that may be levied and escalated for each Parcel classified as Approved Property shall be the amount determined by reference to Table 4 according to the Special Tax Area within which the Parcel is located.

TABLE 2
Maximum Special Tax for Approved Property
for Fiscal Year 2023-2024

Maximum Special Tax A Per Acre	Maximum Special Tax B Per Acre	Maximum Special Tax C Per Acre	Maximum Special Tax D Per Acre
\$810.00	\$0.00	\$2,589.00	\$0.00

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D for Approved Property shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the corresponding Maximum Special Tax in effect in the previous Fiscal Year.

The Maximum Special Tax A for each Parcel of Approved Property shall be equal to the product of the applicable Approved Property Maximum Special Tax A per Acre times the Acreage of such Parcel; provided, however, for a Parcel of

Approved Property that is expected to become Single Family Property as reasonably determined by the Administrator based on the Final Map recordation for such Parcel, the Maximum Special Tax A for such Parcel of Approved Property shall be calculated pursuant to Section C.1 as if such Parcel were already designated as Single Family Property.

The Maximum Special Tax B for each Parcel of Approved Property shall be equal to the product of the applicable Approved Property Maximum Special Tax B per Acre times the Acreage of such Parcel; provided, however, for a Parcel of Approved Property that is expected to become Single Family Property as reasonably determined by the Administrator based on the Final Map for such Parcel, the Maximum Special Tax B for such Parcel of Approved Property shall be calculated pursuant to Section C.1 as if such Parcel were already designated as Single Family Property.

The Maximum Special Tax C for each Parcel of Approved Property shall be equal to the product of the applicable Approved Property Maximum Special Tax C per Acre times the Acreage of such Parcel; provided, however, for a Parcel of Approved Property that is expected to become Single Family Property as reasonably determined by the Administrator based on the Final Map for such Parcel, the Maximum Special Tax B for such Parcel of Approved Property shall be calculated pursuant to Section C.1 as if such Parcel were already designated as Single Family Property.

The Maximum Special Tax D for each Parcel of Approved Property shall be equal to the product of the applicable Approved Property Maximum Special Tax D per Acre times the Acreage of such Parcel; provided, however, for a Parcel of Approved Property that is expected to become Single Family Property as reasonably determined by the Administrator based on the Final Map for such Parcel, the Maximum Special Tax B for such Parcel of Approved Property shall be calculated pursuant to Section C.1 as if such Parcel were already designated as Single Family Property.

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D for Approved Property, each area calculated independent of the other, shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the corresponding Maximum Special Tax in effect in the previous Fiscal Year.

3. Undeveloped Property

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D that may be levied and escalated for each Parcel classified as Undeveloped Property shall be the amount determined by reference to Table 3 according to the Special Tax Area within which the Parcel is located.

TABLE 3
Maximum Special Tax for Undeveloped Property
for Fiscal Year 2023-2024

Maximum Special Tax A Per Acre	Maximum Special Tax B Per Acre	Maximum Special Tax C Per Acre	Maximum Special Tax D Per Acre
\$810.00	\$0.00	\$2,589.00	\$0.00

The Maximum Special Tax A, Maximum Special Tax B, Maximum Special Tax C and Maximum Special Tax D for Undeveloped Property shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the corresponding Maximum Special Tax in effect in the previous Fiscal Year.

4. Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to the provisions of Section E.

The Maximum Special Tax A for each Parcel of Taxable Public Property and/or Property Owners Association Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax A per Acre times the Acreage of such Parcel and shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the Maximum Special Tax A in effect in the previous Fiscal Year.

The Maximum Special Tax B for each Parcel of Taxable Public Property and/or Property Owners Association Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax B per Acre times the Acreage of such Parcel and shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the Maximum Special Tax B in effect in the previous Fiscal Year.

The Maximum Special Tax C for each Parcel of Taxable Public Property and/or Property Owners Association Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax C per Acre times the Acreage of such Parcel and shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the Maximum Special Tax C in effect in the previous Fiscal Year.

The Maximum Special Tax D for each Parcel of Taxable Public Property and/or Property Owners Association Property shall be equal to the product of the applicable Undeveloped Property Maximum Special Tax D per Acre times the Acreage of such Parcel and shall be increased annually, commencing July 1, 2024, based on the percentage increase in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) of the Maximum Special Tax D in effect in the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. Special Tax A

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Administrator shall levy the Special Tax A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

First: The Special Tax A shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax A as needed to satisfy the Special Tax A Requirement;

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

Third: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax A for Undeveloped Property;

2. Special Tax B

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Administrator shall levy the Special Tax B on all Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

First: The Special Tax B shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement;

3. Special Tax C

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Administrator shall levy the Special Tax C on all Taxable Property until the amount of Special Tax C equals the Special Tax C Requirement in accordance with the following steps:

First: The Special Tax C shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax C as needed to satisfy the Special Tax C Requirement;

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

Third: If additional moneys are needed to satisfy the Special Tax C Requirement after the first two steps have been completed, the Special Tax C shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax C for Undeveloped Property;

4. Special Tax D

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Administrator shall levy the Special Tax D on all Taxable Property until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

First: The Special Tax D shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement;

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

E. EXEMPTIONS

The CFD shall not levy Special Taxes on Public Property and Property Owner's Association Property within the CFD. If any Parcels of Public Property or Property Owner's Association Property are converted to Taxable Property as the result of the sale of an Exempt Parcel to a private owner for residential or non-residential development, it shall become subject to the Special Tax in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C. and D.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD, and provided further that the CFD may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act.

G. APPEALS

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

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

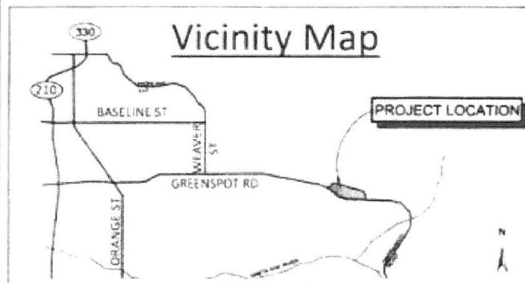
H. TERM OF THE SPECIAL TAX

The Special Tax A, Special Tax B, Special Tax C and Special Tax D shall be levied annually in perpetuity unless terminated earlier by the City.

**APPENDIX B
BOUNDARY MAP FOR
CFD 2022-01 (MEDITERRA)**

6/5/06

SHEET 1 of 2



**PROPOSED BOUNDARY OF
CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA**



CLERK'S MAP STATEMENT

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF HIGHLAND THIS 20th DAY OF June, 2022.

Valley High
CITY CLERK OF THE CITY OF HIGHLAND

CLERK'S MAP STATEMENT

I HEREBY CERTIFY THAT THE AREA SHOWN ON THIS MAP OF THE PROPOSED BOUNDARY OF COMMUNITY FACILITIES DISTRICT NO. 2022-01, (MEDITERRA), CITY OF HIGHLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND AT A REGULARLY SCHEDULED MEETING THEREOF, HELD ON THE 14th DAY OF June, 2022 BY ITS RESOLUTION NO. 2022-035

Valley High
CITY CLERK OF THE CITY OF HIGHLAND

COUNTY RECORDER'S FILING STATEMENT

FILED THIS 22nd DAY OF June, 2022 AT THE HOUR OF 1:31 O'CLOCK P.M. IN BOOK 90 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS PAGE NO. 39-40 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA. in the presence of City of Highland at the amount of \$ 11.00 BOB DUTTON Assessor-Recorder COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO County

BY: Charles Dutton
DEPUTY

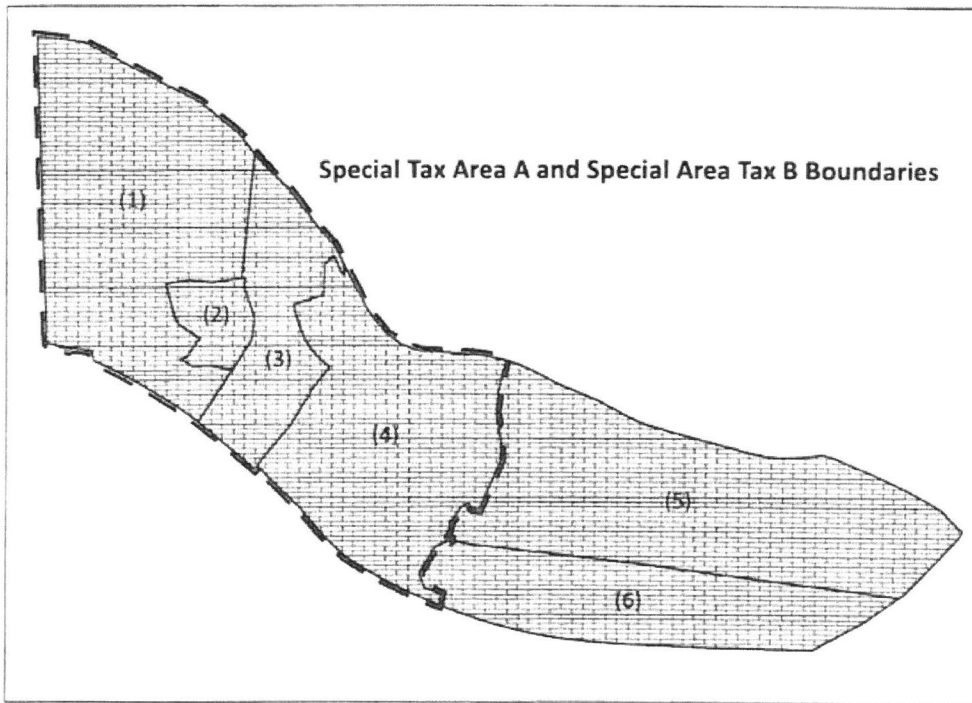
FILE: 2022-0222114

Legend

- Special Tax Area A Boundary (SHEET 1)
- Special Tax Area B Boundary (SHEET 1)
- Special Tax Area C Boundary (SHEET 2)
- Special Tax Area D Boundary (SHEET 2)
- Parcel Boundary
- (#)** Assessor Parcel Reference Number

ASSESSOR PARCEL NUMBERS LOCATED WITHIN PROPOSED BOUNDARIES OF CFD 2022-01 (MEDITERRA) AS OF FISCAL YEAR 2021-22

- (1) 0297-021-40-0000
- (2) 0297-021-41-0000
- (3) 0297-021-36-0000
- (4) 0297-021-43-0000
- (5) 0297-021-31-0000
- (6) 0297-051-27-0000



41593 Winchester Rd #200, Temecula, CA 92590 ■ p. 619.236.1778 ext. 1261 ■ www.WeAreHarris.com

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN BERNARDINO COUNTY ASSESSOR'S MAPS.

90/39



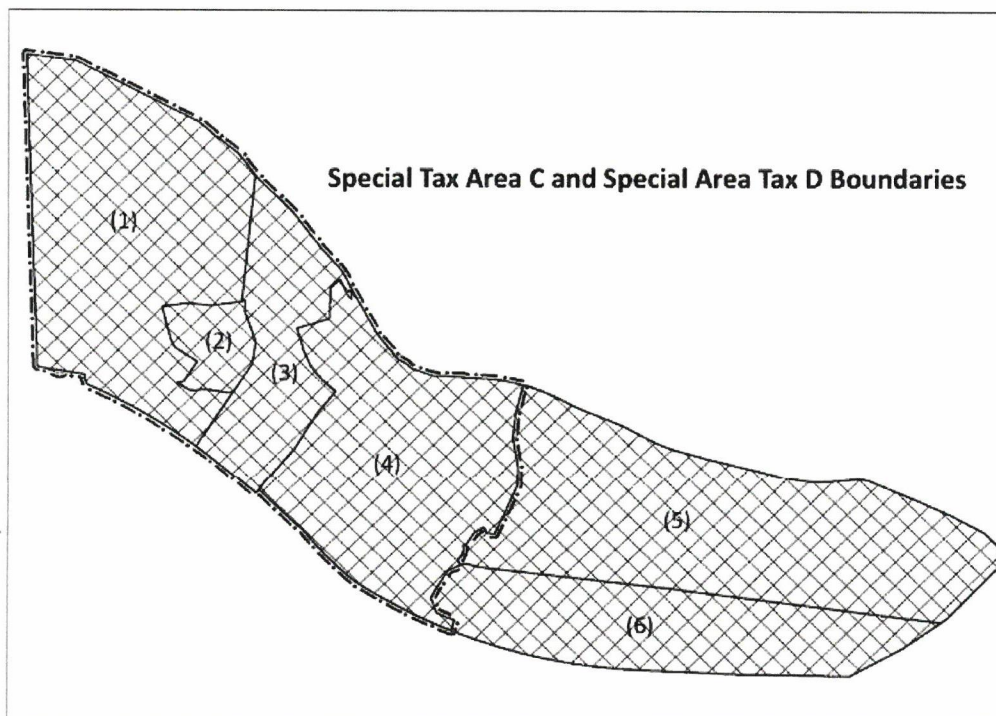
**PROPOSED BOUNDARY OF
CITY OF HIGHLAND
COMMUNITY FACILITIES DISTRICT NO. 2022-01
(MEDITERRA)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA**

Legend

-  Special Tax Area A
Boundary (SHEET 1)
-  Special Tax Area B
Boundary (SHEET 1)
-  Special Tax Area C
Boundary (SHEET 2)
-  Special Tax Area D
Boundary (SHEET 2)
-  Parcel Boundary
- (#)** Assessor Parcel
Reference Number

ASSESSOR PARCEL NUMBERS LOCATED
WITHIN PROPOSED BOUNDARIES OF CFD
2022-01 (MEDITERRA) AS OF
FISCAL YEAR 2021-22

- (1) 0297-021-40-0000
- (2) 0297-021-41-0000
- (3) 0297-021-36-0000
- (4) 0297-021-43-0000
- (5) 0297-021-31-0000
- (6) 0297-051-27-0000



Harris & Associates

41593 Winchester Rd #200, Temecula, CA 92590 ■ p: 619.236.1778 ext. 1261 ■ www.WeAreHarris.com

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL
SHOWN ON THIS MAP SHALL BE THOSE LINES AND
DIMENSIONS AS SHOWN ON THE SAN BERNARDINO COUNTY
ASSESSOR'S MAPS.

ORDINANCE 22-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ORDINANCE, CALIFORNIA ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF CITY OF HIGHLAND COMMUNITY FACILITIES DISTRICT NO. 2022-01 (MEDITERRA) AUTHORIZING THE LEVY OF A SPECIAL TAX THEREIN.

The City Council of the City of Highland the ("City Council") does resolve as follows:

WHEREAS, the City Council has previously adopted Resolution No. 2022-____ entitled "A Resolution of Intention of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra) and to Authorize the Levy of a Special Tax within City of Highland Community Facilities District No. 2022-01 (Mediterra)" (the "Resolution of Intention"), stating its intention to conduct proceedings to form City of Highland Community Facilities District No. 2022-01 (Mediterra) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code (the "Act") to finance certain services (the "Services") including incidental expenses, to serve the CFD; and

WHEREAS, the Resolution of Intention set July 14, 2022, at 4:00 p.m., or as soon thereafter as practical, as the date of a public hearing on all matters pertaining to the formation of the CFD, the extent of the CFD, the furnishing of Services to serve the CFD, and the proposed rate and method of apportionment of the special tax within the CFD (the "Rate and Method"); and

WHEREAS, a notice of public hearing was published and sent to all landowners proposed to be included in the CFD in accordance with the Act; and

WHEREAS, at the public hearing, evidence was presented to the City Council on such matters before it, including a special report (the "Report") describing the services necessary to adequately meet the needs of the CFD and the estimated costs of financing such Services as required by Section 53321.5 of the Act; and

WHEREAS, at the public hearing, all persons desiring to be heard on all matters pertaining to the formation of the CFD, the extent of the CFD, the furnishing of Services to serve the CFD, and the Rate and Method were heard and a full and fair hearing was held; and

WHEREAS, subsequent to the public hearing, the City Council adopted a resolution entitled "Resolution of Formation of the City Council of the City of Highland, California, to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra), to Establish an Appropriations Limit therefor, to Authorize the Submittal of the Levy of Special Taxes, and to Submit the Establishment of an Appropriations Limit, to the

Qualified Electors of such Community Facilities District” (the “Resolution of Formation”) which established the CFD and authorized the levy of a special tax within the CFD; and

WHEREAS, subsequent to the public hearing, the City Council also adopted a resolution entitled “Resolution of the City Council of the City of Highland, California, Calling a Special Election and Submitting to the Qualified Electors of City of Highland Community Facilities District No. 2022-01 (Mediterra) Propositions Regarding the Establishment of an Appropriations Limit and the Annual Levy of a Special Tax Within the Community Facilities District” (the “Resolution Calling Election”) which called a special election of the qualified electors within the CFD; and

WHEREAS, pursuant to the terms of the Resolution Calling Election, an election was held in which qualified electors of the CFD approved the establishment of an appropriations limit for the CFD and the levy of a special tax (the “Special Tax”) within the CFD; and

WHEREAS, on June 14, 2022, the City Council adopted a resolution entitled “Resolution of the City Council of the City of Highland, California, Declaring the Results of a Special Election in the City of Highland Community Facilities District No. 2022-01 (Mediterra) and Directing the Recording of a Notice of Special Tax Lien” (the “Resolution Declaring Results of Election”) which certified the results of the July 14, 2021 election conducted by the City Clerk, which results showed that more than two-thirds of the votes cast in the CFD were in favor of the proposition to levy the Special Tax and the proposition to establish an appropriations limit for the CFD;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HIGHLAND DOES HEREBY FIND AND RESOLVE TO:

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

Section 2. Authorization of the Levy of a Special Tax. By the passage of this Ordinance, the City Council authorizes the levy of the Special Tax in the CFD in accordance with the Rate and Method set forth in the Exhibit “B” to the Resolution of Formation, which is on file in the office of the City Clerk and incorporated by reference herein. The Special Tax shall be levied commencing fiscal year 2023-24, and in each year thereafter pursuant to the Rate and Method.

Section 3. Annual Rate Determination. The City Council is hereby further authorized to determine on or before August 10 each year, or such other date as is established by law or by the County Auditor-Controller of the County of San Bernardino, the specific Special Tax to be levied on each parcel of land in the CFD, except that special taxes to be levied shall not exceed the maximum rates set forth in the Rate and Method, but the special tax may be levied at a lower rate.

Section 4. Exempt Property. Except as provided in Section 53340.1 of the Act and except for properties that a local agency is a landowner of within the meaning of subdivision (f) of Section 53317 of the Act, pursuant to Section 53340 of the Act, properties of entities of the state, federal and local governments shall be exempt from the levy of the Special

Tax. Reference is hereby made to the Rate and Method for a description of other properties or entities that are expressly exempted from the levy of the Special Tax.

Section 5. Use of Collections. All of the collections of the Special Tax shall be used only as provided by the Act and in the Resolution of Formation. The Special Tax shall be levied only so long as needed for the purposes as described in the Resolution of Formation.

Section 6. Collection. The Special tax shall be collected in the same manner as ordinary ad valorem taxes and shall be subject to the same penalties and the same procedure, sale and lien in any case of delinquency as applicable for ad valorem property taxes; provided, however, that the Special Tax may be collected by direct billing by the City of the property owners in the CFD or in such other manner as may be provided by the City Council. In addition, the provisions of Section 53356.1 of the Act shall apply to any delinquent Special Tax payments.

Section 7. Authorization. The specific authorization for adoption of the Ordinance is Section 53340 of the Act.

Section 8. Severability. If for any reason any portion of the Ordinance is found to be invalid, or if the Special Tax is found inapplicable for any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this Ordinance, and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

Section 9. Certification. The City Clerk shall certify the passage of this Ordinance and cause it to be published or posted in accordance with law.

Section 10. Publication. The City Clerk is authorized and directed to cause this Ordinance to be published within fifteen (15) days after its passage in a newspaper of general circulation and circulated within the City in accordance with Government Code Section 36933(a) or, to cause this Ordinance to be published in the manner required by law using the alternative summary and pasting procedure authorized under Government Code Section 39633(c).

INTRODUCED at the regular meeting of Highland City Council on July 14, 2022.

APPROVED AND ADOPTED this ____ day of _____, 2022.

Larry McCallon
Mayor

ATTEST:

Betty Hughes, MMC
City Clerk