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 "B~~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" as well as the Incidental Expenses as 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.

<u>Section 13</u>. <u>Exempt Property</u>. 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 XIIIB 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.

Penny Lilburn~~Larry McCallon~~
Mayor Pro Tem

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~~B"

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

[please see attached]

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.