

RESOLUTION NO. 2025/2026-20

**RESOLUTION OF THE BOARD OF EDUCATION OF
RIVERSIDE UNIFIED SCHOOL DISTRICT
ESTABLISHING COMMUNITY FACILITIES DISTRICT
NO. 42 OF RIVERSIDE UNIFIED SCHOOL DISTRICT,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND
ESTABLISHING THE BOUNDARIES THEREOF**

WHEREAS, on August 21, 2025, the Board of Education (the “Board of Education”) of Riverside Unified School District (the “District”) has heretofore adopted Resolution No. 2025/2026-05 (the “Resolution of Intention”) declaring its intention that a proposed community facilities district to be known as “Community Facilities District No. 42 of Riverside Unified School District, County of Riverside, State of California” (the “CFD”) be established pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982” (the “Act”), fixing the time and place for a public hearing on the formation of the CFD, and setting forth the proposed Rate and Method of Apportionment of Special Taxes therefor (the “RMA”); and

WHEREAS, the CFD is proposed to be established for the purpose of designing, constructing, acquiring and financing through the levy of special taxes and sale of bonds the design, construction and acquisition of public school facilities which are necessary to meet increased demands placed upon the District as a result of the development of said real property, and the design, construction and acquisition of public facilities which are necessary to meet increased demands placed upon the City of Riverside (the “City”) as a result of the development of said real property, and it is proposed that the District for and on behalf of the CFD will be authorized to issue bonds and incur a bonded indebtedness for the purpose of financing such facilities in the aggregate principal amount of \$6,000,000; and

WHEREAS, the Board of Education has adopted a resolution approving a joint community facilities agreement to be entered into, pursuant to Sections 53316.2 through 53316.6 of the California Government Code, with the City, whereby the Board of Education will initiate and conduct proceedings for the formation of the proposed CFD for the purpose of financing certain public facilities for the City; and

WHEREAS, the City Council of the City will also approve such joint community facilities agreement; and

WHEREAS, notices were published and mailed to the owners of the property in the CFD as required by law relative to the intention of the Board of Education to establish the CFD and the levy of special taxes therein to finance construction and acquisition of public school facilities and other public facilities therefor and the incurring of a bonded indebtedness by the District for and on behalf of the CFD, and of the time and place of the public hearing; and

WHEREAS, on September 25, 2025, at the time and place specified in the published and mailed notices, the Board of Education conducted a public hearing as required by law relative to

the formation of the CFD, the levy of special taxes therein, the provision of certain fees for and/or the costs of the design, construction and acquisition of public facilities therein, and the incurring of a bonded indebtedness by the District for and on behalf of the CFD; and

WHEREAS, at the time of the public hearing, all persons desiring to be heard on all matters pertaining to the formation of the CFD, the levy of the special taxes, the financing of certain fees for and/or the costs of the design, construction and acquisition of public facilities and the incurring of the bonded indebtedness thereby were heard, and a full and fair hearing was held; and

WHEREAS, prior to the commencement of the public hearing there was filed with the Board of Education a report (the "Report") containing a description of the certain fees and public facilities required to meet the needs of the CFD, and an estimate of the costs of such facilities and fees, as required by Section 53321.5 of the California Government Code; and

WHEREAS, at the public hearing, evidence was presented to the Board of Education on the matters before it, and the Board of Education at the conclusion of the hearing was fully advised as to all matters relating to the formation of the CFD, the levy of the special taxes therein, the provision of certain fees for and/or the costs of the design, construction and acquisition of public facilities therein and the incurring of the bonded indebtedness thereby; and

WHEREAS, the Board of Education may, therefore, proceed to establish the CFD.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF EDUCATION OF RIVERSIDE UNIFIED SCHOOL DISTRICT AS FOLLOWS:

Section 1. Findings. The Board of Education finds as follows:

- (a) All of the preceding recitals are true and correct;
- (b) On September 25, 2025, pursuant to notice thereof duly given as provided by law, the Board of Education conducted a public hearing with respect to the formation of the CFD, the incurring of a bonded indebtedness by and for the CFD, and the annual levying of specified special taxes on the taxable property within the CFD to pay principal of and interest on bonds to be issued by and for the CFD to finance certain fees for and the costs of the public facilities which are described in Section 3 hereof or to accumulate funds for paying the certain fees for and/or the costs of such public facilities;
- (c) A map of the boundaries of the CFD was recorded on September 2, 2025, pursuant to Sections 3111 and 3113 of the California Streets and Highways Code, in Book 97 of Maps of Assessment and Community Facilities Districts, at page 15, and as Document No. 2025-0268652, in the official records of the County of Riverside;
- (d) All prior proceedings with respect to the formation of the CFD prior to and during the public hearing with respect to the formation of the CFD, which was conducted by the Board of Education on September 25, 2025, were valid and in conformity with the requirements of the Act, and except to the extent inconsistent with this resolution, the Resolution

of Intention is reaffirmed, and its provisions and findings are, to that same extent, incorporated herein by this reference;

(e) No written protests were received, at or prior to the time of the public hearing, against the formation of the CFD, or the levying of the special taxes, or the incurring of a bonded indebtedness by the CFD for the furnishing of certain fees for and/or the costs of the design, construction and acquisition of specified types of public facilities, and the special taxes have, therefore, not been eliminated by majority protest pursuant to Section 53324 of the California Government Code and the Board of Education finds that it is not precluded by the Act from proceeding in this matter;

(f) The Board of Education is, therefore, authorized to adopt a resolution of formation pursuant to Section 53325.1 of the California Government Code for the formation of Community Facilities District No. 42 of Riverside Unified School District, County of Riverside, State of California, and the CFD should be established;

(g) Less than 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 hearing held on September 25, 2025; and

(h) Pursuant to Section 53326 of the California Government Code, as a result of the finding set forth in paragraph (g) above, the vote in the special elections provided for in Section 10 of this resolution shall be by the landowners of the CFD whose property would be subject to the special taxes if they were levied at the time of the special elections, and each landowner shall have one vote for each acre, or portion thereof, which he or she owns within the CFD which would be subject to the proposed special taxes if they were levied at the time of the elections.

Section 2. Formation of District; Boundaries. Community Facilities District No. 42 of Riverside Unified School District, County of Riverside, State of California, is hereby established. The boundaries of the CFD are shown on the map entitled "Proposed Boundaries of Community Facilities District No. 42 of Riverside Unified School District (Sagecrest), County of Riverside, State of California," which is on file with the Director of Planning and Development of the District, and said map and those boundaries are hereby approved and established.

Section 3. Types of Facilities; Incidental Expenses.

(a) The types of public facilities to be provided for and financed by the CFD, which may be provided by the construction or acquisition thereof or the financing of capital improvement fees to be used for the construction or acquisition thereof (herein, the "Facilities") are as follows:

(i) School Facilities. Elementary school, middle school or high school facilities, including furniture, fixtures and equipment therefor, acquisition, construction, expansion, relocation, rehabilitation, leasing or purchasing of school facilities and improvements and the sites therefor and facilities which are appurtenant thereto, including, but not limited to, athletic and recreation facilities, child care facilities, administrative facilities and permanent or relocatable classrooms, and transportation facilities; and

(ii) City Facilities. Storm drain improvements, street improvements, traffic and railroad signal improvements, transportation impact improvements, regional/reserve park improvements, local park improvements, aquatic facilities, trail improvements, and other facilities owned by the City.

The Facilities include but shall not be limited to the improvements listed herein and may include facilities financed with the fees. Other improvements of the same type or types may be substituted in the place of one or more of the specified improvements listed above.

(b) The cost of the Facilities shall include but shall not be limited to the expense of constructing or purchasing the public facilities and of related land, right-of-way, easements and incidental expenses. The incidental expenses which will be incurred are (i) the cost of planning and designing the Facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the formation of the CFD, issuance of the bonds thereof, the determination of the amount of and collection of special taxes, and the payment of special taxes, and costs otherwise incurred in order to carry out the authorized purposes of the CFD, and (iii) any other expenses incidental to the construction, completion, acquisition and inspection of the Facilities, including engineering, inspecting, coordinating, and completing the Facilities.

Section 4. Special Taxes. Except where funds are otherwise available, special taxes sufficient to pay for all of the Facilities and incidental expenses, or to accumulate funds for paying the costs of the Facilities, and to pay the principal of and interest on the bonds of the CFD and the annual administrative expenses of the District and the CFD in determining, apportioning, levying and collecting such special taxes, and the costs of registering, exchanging and transferring such bonds, secured by the recordation of a continuing lien against all taxable or nonexempt property in the CFD, shall be annually levied within the CFD.

Parcels of taxable property in the CFD shall be subject to the annual levy of special taxes to pay the principal of and interest on the bonds of the CFD which may be issued and sold to finance the design, construction and acquisition of public facilities for property in the CFD.

The rate and method of apportionment of special taxes to be levied on parcels of taxable property in the CFD to pay the principal of and interest of the bonds of the CFD which may be issued and sold to finance the design, construction and acquisition of public facilities and to pay the costs of such facilities or to accumulate funds therefor, for the benefit of parcels of property in the CFD, shall be as set forth in the RMA attached hereto as Exhibit "A."

The maximum amounts of special taxes which may be levied in any year on parcels within the CFD which are used for private residential purposes ("Residential Parcels") are specified in dollar amounts in Exhibit "A" hereto. Special taxes shall not be levied on any Residential Parcels to pay the principal of and interest on the outstanding bonds of the CFD after the tax or fiscal year beginning on July 1, 2068 and ending on June 30, 2069, and such fiscal year shall be the last tax year in which special taxes shall be levied on Residential Parcels for such purpose. The Special Tax shall increase a maximum of two percent (2.00%) each fiscal year as authorized by the RMA. Under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been

issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within the CFD by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on certain Assessor's Parcels is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of all other property shall continue in equal percentages at up to 100% of the Assigned Special Tax. Terms used in this Section that are not defined have the meanings given such terms in the RMA.

The conditions under which the obligation to pay the special taxes may be prepaid and permanently satisfied are as set forth in Exhibit "A" attached hereto.

Pursuant to Section 53340 of the California Government Code, said special taxes shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

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 taxes shall attach to all non-exempt real property in the CFD, and that 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 taxes ceases. The office of the Assistant Superintendent, Operations of the District, 3380 Fourteenth Street, Riverside, California, telephone number (951) 788-7135, is designated as the officer responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel numbers, and for estimating future special tax levies pursuant to Section 53340.1 of the California Government Code.

Pursuant to Section 53325.7 of the Act, and subject to voter approval, the initial appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the CFD is established in the amount of \$6,000,000.

Section 5. Exempt Property. Pursuant to Section 53340 of the California Government Code, and except as provided in Exhibit "A" and Section 53317.3 of said Code, properties of entities of the state, federal, and local governments shall be exempt from the levy of special taxes for the payment of the principal of and interest on the bonds of the District.

Section 6. Necessity. The Facilities are necessary to meet increased demands placed upon the District and the City as a result of new development occurring within the boundaries of the CFD.

Section 7. Report. The 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 in the office of the Director of Planning and Development as part of the record of these proceedings.

Section 8. Repayment of Funds Advanced or Work-in-Kind. Pursuant to Section 53314.9 of the California Government Code, the Board of Education proposes to accept advances of funds or work-in-kind from private persons or private entities and to provide, by

resolution, for the use of those funds or that work-in-kind for any authorized purpose, including but not limited to, paying any costs incurred by the District in establishing the CFD, and to enter into an agreement, by resolution, with the person or entity advancing the funds or work-in-kind to repay funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the Board of Education.

Section 9. Prohibition of Owner Contracts. Pursuant to Section 53329.5 of the California Government Code, the Board of Education finds that the public interest will not be served by allowing the owners of property within the CFD to enter into a contract in accordance with subdivision (a) of that section, and that such owners shall not be permitted to elect to perform the work and enter into a written contract with the District for the construction of the Facilities pursuant to said Section 53329.5 of the California Government Code.

Section 10. Description of Voting Procedures. The voting procedures to be followed in conducting the special elections on (i) the proposition with respect to the CFD incurring a bonded indebtedness in an amount not-to-exceed \$6,000,000, (ii) the proposition with respect to the levy of special taxes on taxable property within the CFD to pay the principal of and interest on the bonds thereof which may be issued and sold to finance fees for and/or the costs of the design, construction and acquisition of public facilities, or to pay or accumulate funds for paying the fees for and/or the costs of the design, construction and acquisition of the public facilities, and (iii) the proposition with respect to establishing an annual appropriations limit for the CFD in the amount of \$6,000,000, if the CFD is established and such special elections (the “special elections”) are held (together, the “Propositions”), shall be as follows:

(a) The special elections shall be held on the earliest date, following the adoption by the Board of Education of this resolution, the resolution determining the necessity for the CFD to incur bonded indebtedness pursuant to Section 53351 of the California Government Code, and a resolution pursuant to Section 53326 of said Code submitting the propositions with respect to (i) the issuance of bonds of the CFD and the levy of special taxes to pay the principal of and interest on the bonds of the CFD or to pay or accumulate funds for paying the costs of the design, construction and acquisition of public facilities, and (ii) establishing an annual appropriations limit for the CFD, to the qualified electors of the CFD upon which such elections can be held pursuant to said Section 53326 which may be selected by the Board of Education, or such earlier date as the owners of land and the Clerk of the Board of Education (the “Clerk”) agree and concur is acceptable.

(b) Pursuant to said Section 53326, the special elections may be held earlier than 90 days following the close of the public hearing if the qualified electors of the CFD waive the time limits for conducting the special 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.

(c) Pursuant to said Section 53326, ballots for the special elections shall be delivered to the qualified electors by the Clerk by mail with return postage prepaid, or by personal service.

(d) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of school districts, and specifically Division 4 (commencing with Section 4000) of the California Elections Code with respect to elections conducted by mail, the Clerk shall mail or deliver to each qualified elector an official ballot in a form specified by the Board of Education in the resolutions calling and consolidating the special elections, and shall also mail or deliver 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 statement pursuant to Section 9401 of said Code, an impartial analysis by the District's legal counsel pursuant to Section 9500 of said Code with respect to the ballot propositions contained in the official ballot, arguments and rebuttals, if any, pursuant to Sections 9501 to 9507, inclusive, of said Code, a return identification envelope with prepaid postage thereon addressed to the Clerk for returning the voted official ballots, and a copy of this resolution; provided, however, that such statement, analysis and arguments 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 Board of Education calling the special elections.

(e) The official ballot to be mailed or delivered by the Clerk to each landowner-voter shall have printed or typed thereon the name of the landowner-voter and the number of votes to be voted by the landowner-voter 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-voter is other than a natural person, that he or she is an officer of or other person affiliated with the landowner-voter entitled to vote such official ballot, that he or she has been authorized to vote such official ballot on behalf of the landowner-voter, that in voting such official ballot it was his or her intent, as well as the intent of the landowner-voter, to vote all votes to which the landowner-voter 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-voter's land ownership within the CFD.

(f) The return identification envelope to be mailed or delivered by the Clerk to each landowner-voter 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.

(g) The instruction to voter form to be mailed or delivered by the Clerk to the landowner-voters 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 by 5:30 p.m. on the date of the election specified by the Board of Education in the resolution calling the special elections; provided that the election shall be closed before such hour if the Clerk determines that all of the qualified voters have voted.

(h) Upon receipt of the return identification envelope which is returned prior to the voting deadline on the date of the special elections, the Clerk shall canvass the votes cast in the special elections, and shall file a statement with the Board of Education as to the results of such canvass and the election on each proposition set forth in the official ballot.

The procedures set forth in this section for conducting the special elections, if they are held, may be modified as the Board of Education may determine to be necessary or desirable by a resolution subsequently adopted by the Board of Education.

Section 11. Effect of Resolution. This resolution shall take effect immediately from and after its passage and adoption.

PASSED AND ADOPTED by the Board of Education of the Riverside Unified School District at its regular meeting held on the 25th day of September 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Clerk of the Board of Education
of Riverside Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Dr. Jesse Tweed, Clerk of the Board of Education of Riverside Unified School District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 2025/2026-20 of said Board and that the same has not been amended or repealed.

Dated: _____, 2025

Clerk of the Board of Education
of Riverside Unified School District

EXHIBIT “A”

RATE AND METHOD OF APPORTIONMENT FOR RIVERSIDE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 42

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Riverside Unified School District Community Facilities District No. 42 ("CFD No. 42") and collected each Fiscal Year commencing in Fiscal Year 2025-2026, in an amount determined by the Board of Education of the Riverside Unified School District through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 42, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided. Capitalized terms used in this rate and method of apportionment, including this preamble, shall have the meanings given such terms in Section A and Section H.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Dwelling Unit" or "ADU" means all Assessor's Parcels of Residential Property for which a building permit(s) has been issued for an "Accessory Dwelling Unit" as defined in California Government Code Section 65852.2(j)(1), as may be amended from time to time, that is accessory to a primary dwelling unit. The ADU may be located on the same Assessor's Parcel as the primary dwelling unit or on a separate Assessor's Parcel. For purposes of clarification, an ADU located on an Assessor's Parcel is (i) considered a separate dwelling unit from the primary dwelling unit and (ii) not subject to the Special Tax, as described in Section E herein.

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. An Acre equals 43,560 square feet of land area.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 42: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of

collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 42 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 42 or any designee thereof of complying with School District, CFD No. 42 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 42 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the School District's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 42 for any other administrative purposes of CFD No. 42, including attorney's fees and other costs related to commencing and pursuing any foreclosure, or other resolution of delinquent Special Taxes.

"Affordable Housing Agreement" means the Affordable Housing Agreement by and between the City of Riverside and Century Communities of California, LLC that was recorded on June 20, 2025 which limits the use of residential units 78, 87, 92, 101, 107, 115, 120, and 129 for affordable housing purposes. As described in the agreement, such units are considered affordable housing units until the initial owner (or Qualified Home Buyer as defined in the agreement) sells such unit to a new buyer.

"Affordable Housing Property" means all Developed Property for which a building permit has been issued for purposes of constructing residential dwelling units 78, 87, 92, 101, 107, 115, 120, and 129 as shown in Attachment 1 herein and in the Affordable Housing Agreement. For each Fiscal Year, if any of the eight units listed above are no longer classified as Affordable Housing Property as of January 1 of each year pursuant to the Affordable Housing Agreement and as evidenced by a change in ownership or otherwise as determined by the CFD Administrator, then such units shall be classified as Residential Property and assigned to the appropriate Land Use Class based on its Residential Floor Area.

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

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

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Board" means the Board of Education of the School District.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 42 under the Act for the financing of authorized public facilities.

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

"CFD No. 42" means Riverside Unified School District Community Facilities District No. 42.

"City" means the City of Riverside, California.

"County" means the County of Riverside, California.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property and Taxable Public Property, for which a building permit for new construction was issued prior to March 1 of the previous Fiscal Year.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds in CFD No. 42, as applicable, any Assessor's Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Exemption Property and will be subject to the Special Tax.

"Final Map" means (i) a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved by the City and a

condominium plan recorded pursuant to California Civil Code Section 6624 creating such individual lots or parcels. The term "Final Map" shall not include any Assessor's Parcel Map or subdivision map or portion thereof, that does not create individual lots for which a building permit may be issued, including Assessor's Parcels that are designated as remainder parcels.

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

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 below.

"Maximum Special Tax" means, for each Assessor's Parcel, the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any given Fiscal Year on such Assessor's Parcel.

"Non-Residential Property" means all Developed Property for which a building permit(s) was issued for a non-residential use.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 42 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Undeveloped Property. For Taxable Public Property and Taxable Property Owner Association Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Public Property or Taxable Property Owner Association Property, as applicable.

"Public Property" means, for each Fiscal Year, any Assessor's Parcel within CFD No. 42 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, the School District or any other public agency as of June 30 of the prior Fiscal Year; 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 in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such residential dwelling unit, excluding Accessory Dwelling Units.

"Residential Property" means all Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, excluding Affordable Housing Property.

"School District" means the Riverside Unified School District.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement for CFD No. 42.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 42 to: (i) pay debt service on all Outstanding Bonds payable in the calendar year commencing in such Fiscal Year; (ii) pay periodic costs on such Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all such Outstanding Bonds; (v) pay directly for acquisition or construction of facilities eligible to be funded by CFD No. 42 to the extent that the inclusion of such amount does not result in a Special Tax levy on Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 42 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property or Taxable Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2025-2026, all Taxable Property within CFD No. 42 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, Undeveloped Property, or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

Developed Property shall be further classified as Residential Property, Affordable Housing Property, or Non-Residential Property. The Assigned Special Tax for Residential Property shall be based on the number of dwelling units on such Assessor's Parcel and the Residential Floor Area of the dwelling units located on such Assessor's Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Acreage of the Assessor's Parcel. There shall be no Special Tax for Affordable Housing Property.

C. MAXIMUM SPECIAL TAX

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property that is Residential Property or Non-Residential Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Tax for Developed Property
Fiscal Year 2025-2026

Land Use Category	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	≥ 1,500 sq. ft.	\$2,315 per Dwelling Unit
2	Residential Property	1,400 to 1,499 sq. ft.	\$2,100 per Dwelling Unit
3	Residential Property	< 1,400 sq. ft.	\$2,050 per Dwelling Unit
4	Affordable Housing Property	N/A	\$0 per Dwelling Unit
5	Non-Residential Property	N/A	\$146,315 per Acre

c. Backup Special Tax

The Fiscal Year 2025-2026 aggregate Backup Special Tax attributable to property within a Final Map will equal \$146,315 multiplied by the Acreage of all Taxable Property located within such Final Map, excluding Acreage associated with current or expected Non-Residential Property, Taxable Public Property, Taxable Property Owner Association Property, and Affordable Housing Property.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Map shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which building permits for residential construction have or may be issued, as determined in the preceding paragraph, by the number of such Assessor's Parcels (i.e., the number of residential lots).

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Taxable Public Property, Taxable Property Owner Association Property, and Affordable Housing Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Map.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2026, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

a. Maximum Special Tax

The Fiscal Year 2025-2026 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall equal \$146,315 per Acre.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2026, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

3. Multiple Land Uses

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel.

The CFD Administrator's allocation to each type of property shall be final.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

For each Fiscal Year, commencing Fiscal Year 2025-2026, the Board shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement;

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the applicable Assigned Special Tax up to 100 percent of the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government Code, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within CFD No. 42 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on certain Assessor's Parcels is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor's Parcel of all other property shall continue in equal percentages at up to 100% of the Assigned Special Tax.

E. EXEMPTIONS

The Board shall not levy Special Taxes on (i) Property Owner Association Property or Public Property provided that an Assessor's Parcel shall not be exempt and shall be classified as Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property to less than a minimum taxable Acreage of 2.10 Acres and (ii) any Parcels for which the obligation to pay the Special Tax has been prepaid in full pursuant to Section H herein.

Tax-exempt status for the Acreage of Assessor's Parcels or portions of Assessor's Parcels of Public Property and Property Owner Association Property will be irrevocably assigned by the District in the chronological order in which such Assessor's Parcels or portions of Assessor's Parcels become Exempt Property.

Property Owner Association Property or Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property. In addition, no Special Tax shall be levied on an Accessory Dwelling Unit.

F. APPEALS/INTERPRETATION

Any taxpayer may file a written appeal of the Special Tax levied on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all

Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 42 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities Cost" means either \$3.9 million, expressed in 2025 dollars, which shall increase by the annual percentage change in the Construction Inflation Index on July 1, 2026 and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 42 under the authorized bonding program for CFD No. 42, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the RS Means Class B Construction Cost Index, or if the RS Means Class B Construction Cost Index ceases to be used by the State Allocation Board, a reasonably comparable index used by the State Allocation Board to estimate changes in school construction costs, or in the absence of such an index, the Engineering News Record, Construction Cost Index (Los Angeles Area) published by McGraw-Hill, Inc.

"Future Facilities Costs" means the CFD Public Facilities Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

"Mitigation Agreement" means the School Facilities Mitigation Agreement expected to be made and entered into on September 25, 2025 by and among the School District and Century Communities of California, LLC, as it may be amended.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 42 prior to the date of prepayment.

1. Prepayment in Full

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the entire CFD No. 42 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 42, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated Backup Special Taxes at buildout of CFD No. 42 using the Backup Special Tax amount for the current Fiscal Year, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount (as defined below) less the Future Facilities Amount and the Administrative Fees and Expenses (as defined below) from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 42, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve requirement for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the construction fund (or if prior to the issuance of Bonds, then such amount shall be deposited into a separate account held with the School District and disbursed in accordance with the Mitigation Agreement). The amount computed pursuant to paragraph 12 shall be retained by CFD No. 42.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within CFD No. 42 both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the applicable annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section H.1

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the School District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 42 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within CFD No. 42 both prior to and after the proposed prepayment, less expected Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2068-2069.

J. RELIEF FROM BACKUP SPECIAL TAX

All Assessor's Parcels within CFD No. 42 will be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Special Tax if the Board determines that the total amount of the Special Taxes which could be levied in any Fiscal Year on all Assessor's Parcels of Developed Property based on the Assigned Special Tax for such Assessor's Parcels less the expected Administrative Expenses would be at least equal to one hundred and ten percent (110%) of maximum annual debt service on the Outstanding Bonds.

ATTACHMENT I
AFFORDABLE HOUSING PROPERTY

