

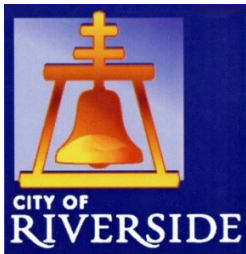


Community Facilities District Report

City of Riverside

Community Facilities District No. 2015-2 (Pomelo)

Prepared For



December 2020



Table of Contents ---

Sections

| | | |
|------------|---|---|
| Section 1. | Introduction | 1 |
| Section 2. | Description of Facilities/Improvements and Services | 2 |
| Section 3. | Cost Estimate | 4 |
| Section 4. | Proposed Development | 5 |
| Section 5. | Rate and Method of Apportionment | 6 |

Tables

| | | |
|------------|---------------|---|
| Table 3-1. | Cost Estimate | 4 |
|------------|---------------|---|

Appendices

| | |
|-------------|----------------------------------|
| Appendix A. | Rate and Method of Apportionment |
| Appendix B. | Boundary Map |

1. Introduction

AGENCY: CITY OF RIVERSIDE

PROJECT: COMMUNITY FACILITIES DISTRICT NO. 2015-2 (POMELO)

TO: CITY COUNCIL
CITY OF RIVERSIDE
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

Whereas, the City Council of the CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, CALIFORNIA (hereinafter referred to as the “City Council”), did, pursuant to the provisions of the “Mello-Roos Community Facilities Act of 1982”, being chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, and specifically Section 53321.5 thereof, (the “Act”) expressly order the filing of a written Public Report (the “Report”) for a proposed Community Facilities District No. 2015-2 (Pomelo) of the City of Riverside. This Community Facilities District shall be referred to as COMMUNITY FACILITIES DISTRICT NO. 2015-2 OF THE CITY OF RIVERSIDE (hereinafter referred to as the “District” and “CFD No. 2015-2”); and,

Whereas, on October 27, 2020, the City Council adopted Resolution No. 23635 (the “Resolution”), and the Resolution ordering said Report, did direct that said Report generally contain the following:

- A brief description of the public facilities to be financed by CFD No. 2015-2;
- An estimate setting forth costs of providing such facilities;

NOW, THEREFORE, the undersigned, authorized representative of Webb Municipal Finance, LLC, the appointed Special Tax Consultant and responsible officer or person directed to prepare the Report, pursuant to the provisions of the Act, does hereby submit the following data:

2. Description of Facilities/Improvements and Services

Pursuant to Section 53340 of the Act, the proceeds of any Special Tax levied and collected by CFD No. 2015-2 may be used only to pay for the cost of providing public facilities, services, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual cost associated with determination of the amount of Special Taxes, collection of Special Taxes, payment of Special Taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District.

A general description of the estimated proposed facilities, services and incidental expenses for the District is as follows (actual costs of facilities/improvements, development impact fees and services may change and are eligible to be funded in their entirety):

Facilities/Improvements

The construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) water and wastewater, drainage, flood and storm protection facilities, signage, streets and roadways, traffic signals, street lighting, and parks and recreation facilities (the “Facilities”) and all appurtenances and appurtenant work in connection with the foregoing Facilities, and to finance the incidental expenses to be incurred in connection with the Facilities, including but not limited to:

- a) Costs related to engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities;
- b) All costs, including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of Special Tax A to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District; and
- c) Any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

Capitalized terms used and not defined herein shall have the meaning set forth in the Rate and Method of Apportionment of Special Taxes for the District.

Services

The services which may be funded with proceeds of the special tax of the District, as provided by Section 53313 of the Act, include the following (collectively, the “Services”):

- a) Maintenance of parks, parkways, park lighting, sidewalks, signage, landscaping in public areas, easements or right of way and open space;
- b) Flood and storm protection services;
- c) The operation of storm drainage systems;
- d) Maintenance of streets and roadways, and traffic signals^;
- e) Graffiti and debris removal from public improvements;
- f) Public safety services including police, fire protection and fire suppression; and
- g) Maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City of Riverside.

In addition to payment of the cost and expense of the forgoing services, proceeds of the Special Tax B may be expended to pay “Administrative Expenses” as said term is defined in the Rate and Method of Apportionment and to establish an operating reserve for the costs of services as determined by the Administrator. Capitalized terms used and not defined herein shall have the meanings set forth in the Rate and Method of Apportionment of Special Tax for the District.

2. Description of Facilities/Improvements and Services

Incidental Expenses

The incidental expenses to be paid from bond proceeds and/or Special Taxes include: all costs associated with the creation of CFD No. 2015-2, the issuance of bonds, the determination of the amount of Special Taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2015-2, including legal fees, fees of consultants, engineering, planning, designing and the annual administration cost of CFD No. 2015-2.

The description of the eligible public facilities, services and incidental expenses above are preliminary and general in nature. The final plans and specifications approved by the City may show substitutes or modifications in order to accomplish the work or serve the new development and any such substitution or modification shall not constitute a change or modification in the proceedings relating to CFD No. 2015-2.

Based upon the preceding, it is my opinion that the facilities being funded are those that are necessary to meet certain increased demands placed upon the CITY OF RIVERSIDE, as a result of development and/or rehabilitation occurring within the boundaries of the District.

DATED December 1, 2020

WEBB MUNICIPAL FINANCE, LLC

By: Heidi Schoeppe
SPECIAL TAX CONSULTANT FOR
CITY OF RIVERSIDE
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

3. Cost Estimate

1. The cost estimate, including incidental expenses, to be financed through the issuance of CFD No. 2015-2 Bonds is estimated to be approximately \$4,290,000 based upon current dollars (Fiscal Year 2020-21), with a project fund of \$3,535,056.
2. For further particulars, reference is made to Table 3-1 on the following pages and incorporated herein by reference.
3. Pursuant to Section 53340 of the Act, the proceeds of any Special Tax levied and collected by CFD No. 2015-2 may be used only to pay for the cost of providing public facilities, and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the annual costs associated with determination of the amount of Special Taxes, collection of Special Taxes, payment of Special Taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District. The incidental expenses associated with the annual administration of CFD No. 2015-2 are estimated to be \$30,000 in the initial Fiscal Year. However, it is anticipated that the incidental expenses will vary due to inflation and other factors that may not be foreseen today, and the actual incidental expenses may exceed these amounts accordingly.

*Table 3-1
Cost Estimate*

| FUNDING REQUIREMENTS | Estimated Eligible Project Costs | Allocation of Estimated Proceeds | Estimated Unfunded Project Costs |
|---|--|--|--|
| City of Riverside Facilities | | | |
| Street Improvements | \$714,232 | \$714,232 | \$0 |
| Sanitary Sewer Improvements | \$359,283 | \$359,283 | \$0 |
| Water Improvements | \$906,222 | \$906,222 | \$0 |
| Storm Drain Improvements | \$333,748 | \$333,748 | \$0 |
| Landscaping/Lighting | \$469,155 | \$469,155 | \$0 |
| Hard Costs Contingency | \$440,599 | \$440,599 | \$0 |
| Soft Costs | \$170,500 | \$170,500 | \$0 |
| City of Riverside Fees | | | |
| Eligible Aggregate City of Riverside Fees | \$1,192,526 | \$138,426 | \$1,054,100 |
| Eligible Facilities and Fees Total | \$4,586,265 | \$3,532,165 | \$1,054,100 |

| | |
|--|--------------------|
| Estimated Eligible Facilities and Fees Total | \$3,532,165 |
| Estimated Incidental Financing Expenses | \$752,835 |
| Total Estimated Bond Amount | \$4,285,000 |

DATED December 1, 2020

WEBB MUNICIPAL FINANCE, LLC

By: Heidi Schaeffer
SPECIAL TAX CONSULTANT FOR
CITY OF RIVERSIDE
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

4. Proposed Development

CFD No. 2015-2 will be comprised of 108 units within Tract 28987, ranging from 1,910 to 2,948 square feet. The District is approximately 31.45 gross acres located in the City of Riverside, west of Van Buren Boulevard, between Crest Avenue and Rutland Avenue.

The Boundary Map for CFD No. 2015-2 is attached hereto as Appendix B.

5. Rate and Method of Apportionment

1. The Rate and Method of Apportionment allows each property owner within the proposed District to estimate the annual amount that would be required for payment. The Rate and Method of Apportionment of the Special Tax for the District, established pursuant to these proceedings, is attached hereto as Appendix A (the "Rate and Method of Apportionment"). The Special Tax(es) will be collected in the same manner and at the same time as ad valorem property taxes and subject to the same penalties and provisions; however, the Special Tax(es) may be collected at a different time or in a different manner if necessary for CFD No. 2015-2 to meet its financial obligations and may covenant to foreclose on delinquent parcels as permitted by the Act.
2. All of the property located within CFD No. 2015-2, unless exempted by law or by the Special Tax proposed for CFD No. 2015-2, shall be taxed for the purpose of providing the necessary facilities and services to serve the District. The Boundary Map for CFD No. 2015-2 is attached hereto as Appendix B. Pursuant to Section 53325.3 of the Act, each Special Tax imposed "is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax(es) may be based on benefit received by property, the cost of making facilities or services available or other reasonable basis as determined by the City Council, although the Special Tax(es) may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution. A property owner within the District may choose to prepay in whole or in part the Special Tax A. The available method for so doing is described in Section G of the Rate and Method ("Prepayment of Annual Special Tax A" and "Prepayment in Part").

For each year that any bonds are outstanding, the Special Tax A shall be levied on all taxable parcels in accordance with this Rate and Method of Apportionment. If any delinquent Special Taxes remain uncollected prior to or after all bonds are retired, the Special Tax A may be levied to the extent necessary to reimburse the CFD for uncollected Special Taxes and costs associated with the levy of such Special Taxes, but the Special Tax A shall not be levied after the 2064-2065 Fiscal Year.

3. For particulars as to the Rate and Method of Apportionment, see the attached and incorporated Appendix A.

It is my opinion that the Rate and Method of Apportionment, described above and set forth in Appendix A, is fair and reasonable.

This Report has been prepared and consolidated by the Special Tax Consultant, Webb Municipal Finance, LLC, and is herewith submitted to the City Council pursuant to the applicable provisions of the Mello-Roos Community Facilities Act of 1982.

DATED December 1, 2020

WEBBMUNICIPAL FINANCE, LLC

By: Heidi Schoeppe
SPECIAL TAX CONSULTANT FOR
CITY OF RIVERSIDE
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

APPENDIX A

Rate and Method of Apportionment



**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2015-2 (POMELO)
OF THE CITY OF RIVERSIDE**

The following sets forth the Rate and Method of Apportionment for the levy and collection of Annual Special Tax A and Annual Special Tax B of Community Facilities District No. 2015-2 (Pomelo) of the City of Riverside ("CFD No. 2015-2"). An Annual Special Tax A and Annual Special Tax B shall be levied on and collected in CFD No. 2015-2 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All real property within CFD No. 2015-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acquisition Agreement" means the Acquisition Agreement by and between the City and Friends of Riverside Airport, LLC, or such successor, as it may be amended.

"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 the Assessor's Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area shall be calculated by the Administrator or City Engineer.

"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 any ordinary and necessary expenses allocable to the Special Tax A Requirement and to the Special Tax B Requirement which are incurred by the City on behalf of CFD No. 2015-2 related to the determination of the amount of the levy of Special Tax A and Special Tax B, the collection of Special Tax A and Special Tax B including the expenses of collecting delinquencies, the administration of Bonds, the payment of that portion of salaries and benefits of any City employees attributable to the administration of CFD No. 2015-2, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2015-2.

"Administrator" means an official of the City, or designee thereof, responsible for, among other things, determining the annual amount of the levy and collection of the Special Tax A and Special Tax B.

"Annual Special Tax A" means for each Assessor's Parcel, the Special Tax A actually levied in a given Fiscal Year on any Assessor's Parcel.

"Annual Special Tax B" means for each Assessor's Parcel, the Special Tax B actually levied in a given Fiscal Year on any Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property other than Provisional Undeveloped Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax A is being levied, and (ii) that have not been issued a building permit on or before March 1st preceding the Fiscal Year in which the Special Tax A is being levied.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 2015-2.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means that number assigned to a lot or parcel of land by the County Assessor for purposes of identification.

“Assigned Annual Special Tax A” means the Special Tax A of that name described in Section D below.

“Backup Annual Special Tax A” means the Special Tax A of that name described in Section E below.

“Bonds” means those bonds or any other debt issued by or on behalf of CFD No. 2015-2, or any refunding thereof, to which Special Tax A within CFD No. 2015-2 has been pledged.

“Boundary Map” means a recorded map of the CFD No. 2015-2 which indicates the boundaries of CFD No. 2015-2.

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel and subject to verification by the City.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD No. 2015-2” means Community Facilities District No. 2015-2 of the City of Riverside established by the City under the Act.

“City” means the City of Riverside, or its designee.

“City Council” means the City Council of the City of Riverside, acting as the legislative body of CFD No. 2015-2.

“Consumer Price Index” or “CPI” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Riverside-San Bernardino-Ontario area. 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.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels of Taxable Property other than Provisional Undeveloped Property that: (i) are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which Special Tax A or Special Tax B is being levied, and (ii) a building permit was issued on or before March 1st preceding the Fiscal Year in which the Special Tax A or Special Tax B is being levied.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from both Special Tax A and Special Tax B as provided for in Section K.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

“Fiscal Year” means the period commencing July 1 of any year and ending the following June 30.

“Land Use Type” means Residential Property, Multifamily Residential Property, or Non-Residential Property.

“Maximum Special Tax A” means for each Assessor’s Parcel of Taxable Property, the maximum Special Tax A, determined in accordance with Section C that can be levied in any given Fiscal Year on such Assessor’s Parcel.

“Maximum Special Tax B” means for each Assessor’s Parcel of Developed Property, the maximum amount of Special Tax B, determined in accordance with Section H that can be levied in any given Fiscal Year on such Assessor’s Parcel.

“Multifamily Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing a building or buildings comprised of attached dwelling units available for rental by the general public, not for sale to an end user, and under common management, as determined by the Administrator.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section G.

“Prepayment Amount” means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

“Proportionately” means for Special Tax A that the ratio of the Annual Special Tax A levy to the applicable Assigned Annual Special Tax A is equal for all applicable Assessor’s Parcels. In the case of Special Tax B, means that the ratio of the Annual Special Tax B levy to the applicable Maximum Special Tax B is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Annual Special Tax A under Step Four of Section F, “Proportionately” means that the quotient of (a) Annual Special Tax A less the Assigned Annual Special Tax A divided by (b) the Backup Annual Special Tax A less the Assigned Annual Special Tax A, is equal for all applicable Assessor’s Parcels.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of Section K, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section K.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, which is not Multifamily Residential Property.

“Services” means services authorized to be funded by CFD No. 2015-2.

“Special Tax A” means any of the special taxes authorized to be levied on Taxable Property within CFD No. 2015-2 pursuant to the Act to fund the Special Tax A Requirement.

“Special Tax B” means the special tax authorized to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property to fund the Special Tax B Requirement.

“Special Tax A Requirement” means, subject to the Maximum Special Tax A, the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses (apportioned between Special tax A and Special Tax B), (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities or payment of fees authorized by CFD No. 2015-2 by the levy on Developed Property of the Assigned Annual Special Tax A, as required by the Acquisition Agreement provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three of Section F, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable fiscal agent agreement, or trust agreement.

“Special Tax B Requirement” means, subject to the Maximum Special Tax B, that amount to be collected in any Fiscal Year to pay for certain services as required to meet the needs of CFD No. 2015-2 in both the current Fiscal Year and the next Fiscal Year. The costs of services to be covered shall be the direct costs for (i) Services, and (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B); less (iii) a credit for funds available to reduce the Annual Special Tax B levy, if any, as determined by the Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

“Taxable Property” means all Assessor’s Parcels within CFD No. 2015-2, which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Undeveloped Property.

“Unit” means any residential structure.

SECTION B

CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2021-2022, each Assessor’s Parcel within CFD No. 2015-2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property, Multifamily Residential Property or Non-Residential Property.

SECTION C
MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A for each Assessor's Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A or (ii) the Backup Annual Special Tax A.

2. Approved Property, Undeveloped Property, and Provisional Undeveloped Property

The Maximum Special Tax A for each Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Undeveloped Property in any Fiscal Year shall be the Assigned Annual Special Tax A.

SECTION D
ASSIGNED ANNUAL SPECIAL TAX A

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property shall be subject to an Assigned Annual Special Tax A.

The Assigned Annual Special Tax A applicable to an Assessor's Parcel of Developed Property shall be determined using the Tables below.

TABLE 1
ASSIGNED ANNUAL SPECIAL TAX A
FOR DEVELOPED PROPERTY

| Land Use Type | Building Square Footage | Rate |
|----------------------------------|-------------------------|-------------------|
| Residential Property | Less than 2,000 | \$3,087 per Unit |
| Residential Property | 2,000 – 2,300 | \$3,182 per Unit |
| Residential Property | 2,301 – 2,600 | \$3,282 per Unit |
| Residential Property | 2,601 – 2,900 | \$3,382 per Unit |
| Residential Property | Greater than 2,900 | \$3,482 per Unit |
| Multifamily Residential Property | N/A | \$17,258 per Acre |
| Non-Residential Property | N/A | \$17,258 per Acre |

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

Each Fiscal Year, each Assessor's Parcel of Approved Property, Undeveloped Property and Provisional Undeveloped Property shall be subject to an Assigned Annual Special Tax A. The Assigned Annual Special Tax A rate for an Assessor's Parcel classified as Approved Property, Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to Table 2 below:

TABLE 2
ASSIGNED ANNUAL SPECIAL TAX A
FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,
AND PROVISIONAL UNDEVELOPED PROPERTY

| Rate |
|-------------------|
| \$17,258 per Acre |

**SECTION E
BACKUP ANNUAL SPECIAL TAX A**

At the time a Final Map is recorded, the Backup Annual Special Tax A for all Assessor's Parcels classified or reasonably expected to be classified as Residential Property within such Final Map area shall be determined by multiplying the Maximum Special Tax A rate for Undeveloped Property by the total Acreage of Taxable Property in such Final Map, excluding the Provisional Undeveloped Property Acreage, Multifamily Residential Property, and/or Non-Residential Property Acreage if any, in such Final Map and any Acreage reasonably expected to be classified as Exempt Property, and dividing such amount by the total number of such Assessor's Parcels of Residential Property.

The Backup Annual Special Tax A for Multifamily Residential Property and Non-Residential Property shall be its Annual Assigned Special Tax A rate.

Notwithstanding the foregoing, if Assessor's Parcels which are classified or to be classified as Residential Property, Non-Residential, or Multifamily Property are subsequently changed by recordation of a lot line adjustment, Final Map amendment, new Final Map or similar instrument, then the Backup Annual Special Tax A shall be recalculated within the area that has been changed to equal the amount of Backup Annual Special Tax A that would have been generated if such change did not take place.

**SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2021-2022 and for each subsequent Fiscal Year, the City Council shall levy Annual Special Tax A in accordance with the following steps:

- Step One: The Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax A in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the applicable Assigned Annual Special Tax A to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax A for Undeveloped Property applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Annual Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Annual Special Tax A shall be increased Proportionately from the Assigned Annual Special Tax A up to 100% of the Backup Annual Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Assigned Annual Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

SECTION G

PREPAYMENT OF ANNUAL SPECIAL TAX A

The following definition applies to this Section G:

“CFD Public Facilities” means \$4,402,000, expressed in 2020 dollars, which shall increase by the Construction Inflation Index on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program, or (ii) shall be determined by the Board concurrently with a covenant that the CFD will not issue any more Bonds.

“Construction Fund” means, collectively, all accounts specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act and any accounts established prior to the issuance of Bonds for such purpose.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus (i) Bond proceeds deposited in the Construction Fund and (ii) other amounts (special taxes, interest earnings, etc.) allocated to the Construction Fund that were available to fund such CFD Public Facilities prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds, which will remain outstanding after the payment of principal from the amount of Special Taxes that have been levied, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

1. Prepayment in Full

The Special Tax obligation may be prepaid and permanently satisfied for (i) Parcels of Developed Property, (ii) Parcels of Approved Property, Undeveloped Property or Provisional Undeveloped

Property for which a Building Permit has been issued, (iii) Parcels of Approved Property, Undeveloped Property or Provisional Undeveloped Property for which a Building Permit has not been issued, and (iv) Parcels of Public Property or Property Owners' Association Property that are not Exempt Property pursuant to Section K. The Special Tax obligation applicable to a Parcel may be fully prepaid and the obligation to pay the Special Tax for such Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation for such Parcel shall provide the Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Parcel. Within 15 days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

| | |
|---------|----------------------------------|
| | Bond Redemption Amount |
| plus | Redemption Premium |
| plus | Future Facilities Amount |
| plus | Defeasance Amount |
| plus | Administrative Fees and Expenses |
| less | Reserve Fund Credit |
| Equals: | Prepayment Amount |

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For a Parcel of Developed Property, compute the Maximum Special Tax for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Parcel. For a Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owners' Association Property to be prepaid, compute the Maximum Special Tax for the Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at build out of all Parcels of Taxable Property based on the applicable Maximum Special Tax for all such Parcels of Taxable Property not including any Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

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

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

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on all Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Special Tax obligation may be accepted upon the terms and conditions established by the Board pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

2. Prepayment in Part

The Special Tax obligation for a Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP = Partial Prepayment

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

F = the percent by which the owner of the Parcel(s) is partially prepaying the Special Tax obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of a Parcel who desires to partially prepay the Special Tax obligation for the Parcel shall notify the Administrator of (i) such owner's intent to partially prepay the Special Tax obligation, (ii) the percentage of the Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the amount of the Partial Prepayment for

the Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Parcel for which the Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of the Special Tax obligation will continue on the Parcel pursuant to Section F.

SECTION H

MAXIMUM SPECIAL TAX B

1. Developed Property

Maximum Special Tax B

The Maximum Special Tax B for each Assessor's Parcel of Developed Property for each Land Use Type is shown in the Table below.

TABLE 3
MAXIMUM SPECIAL TAX B
FOR DEVELOPED PROPERTY

| Land Use Type | Rate |
|----------------------------------|------------------|
| Residential Property | \$312 per Unit |
| Multifamily Residential Property | \$1,579 per Acre |
| Non-Residential Property | \$1,579 per Acre |

On each July 1, commencing July 1, 2021, the Maximum Special Tax B for Developed Property for the prior Fiscal Year shall be increased by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve month period ending in March of the prior Fiscal Year or (ii) three percent (3%).

2. Approved Property, Undeveloped Property and Provisional Undeveloped Property

No Special Tax B shall be levied on Approved Property, Undeveloped Property and Provisional Undeveloped Property.

3. Method of Apportionment of the Maximum Special Tax B

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the City shall levy the Special Tax B at up to 100% of the applicable Maximum Special Tax B, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax B equals the Special Tax B Requirement.

SECTION I
PREPAYMENT OF ANNUAL SPECIAL TAX B

Special Tax B cannot be prepaid.

SECTION J
TERM OF SPECIAL TAX A AND SPECIAL TAX B

Special Tax A shall be levied pursuant to this Rate and Method of Apportionment not later than the 2064-2065 Fiscal Year.

Special Tax B shall be levied as long as it is needed to meet the Special Tax B Requirement, as determined at the sole discretion of the City Council.

SECTION K
EXEMPT PROPERTY

The City shall classify as Exempt Property (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) other types of public uses determined by the City Council.

Notwithstanding the foregoing, the City Council for purposes of levying the Special Tax A shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Acreage amounts listed in Table 4 below. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Acreage amounts listed in Table 4 will be classified as Provisional Undeveloped Property, and will be subject to the levy of Special Tax A pursuant to Step Five in Section F.

TABLE 4
MINIMUM TAXABLE ACRES

| Acres |
|-------|
| 21.34 |

SECTION L
APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Special Tax A or Special Tax B is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax A or Special Tax B that is disputed. A representative(s) of CFD No. 2015-2 shall promptly review the appeal, and if necessary, meet with the property owner, consider

written and oral evidence regarding the amount of the Special Tax A or Special Tax B, and rule on the appeal. If the representative's decision requires that the Special Tax A or Special Tax B for an Assessor's Parcel be modified or changed in favor of the property owner, the representative shall take any of the following actions, in order of priority, to correct the error:

- (i) if possible, amend the Special Tax levy on the property owner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date;
- (ii) require CFD No. 2015-2 to reimburse the property owner for the amount of the overpayment to the extent of available CFD No. 2015-2 funds; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes on the property owner's Assessor's Parcel(s) in the amount of the overpayment.

The City Council may interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguity and make determinations relative to the amount of Administrative Expenses.

SECTION M

MANNER OF COLLECTION

The Annual Special Tax A or Annual Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 2015-2 may collect Annual Special Tax A and Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

APPENDIX B
Boundary Map



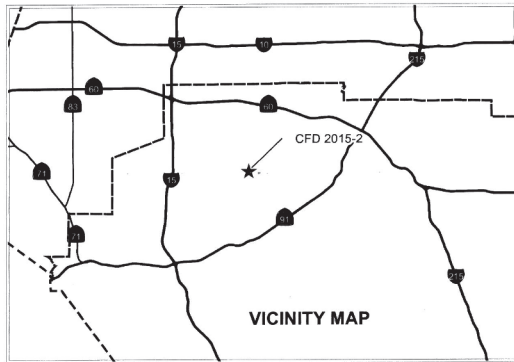
PROPOSED BOUNDARY MAP **COMMUNITY FACILITIES DISTRICT NO. 2015-2** **(POMELO)** **CITY OF RIVERSIDE,** **COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2015-2 (POMELO), CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE AT A REGULAR MEETING THEREOF, HELD ON THE 27th DAY OF Oct., 2020 BY RESOLUTION NO. 23635

Shirley
 CITY CLERK
 CITY OF RIVERSIDE

FILED IN THE OFFICE OF THE CITY CLERK, CITY OF RIVERSIDE THIS 27th DAY OF Oct., 2020.

Shirley
 CITY CLERK
 CITY OF RIVERSIDE



LEGEND

- PROPOSED CFD BOUNDARY
- PARCEL LINES



RECORDED THIS 12th DAY OF November, 2020
 AT THE HOUR OF 11:55 O'CLOCK A.M. IN BOOK 85
 PAGE 92 OF MAPS OF ASSESSMENT AND COMMUNITY
 FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY
 RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF
 CALIFORNIA.

FEE: \$9 NO.: 2020-0564033
 PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: mbay DEPUTY

| ASSESSOR'S PARCEL NUMBERS | | |
|---------------------------|-------------|-------------|
| 155-040-011 | 155-470-037 | 155-481-007 |
| 155-470-001 | 155-470-038 | 155-481-008 |
| 155-470-002 | 155-470-039 | 155-481-009 |
| 155-470-003 | 155-471-001 | 155-481-010 |
| 155-470-004 | 155-471-002 | 155-481-011 |
| 155-470-005 | 155-471-003 | 155-481-012 |
| 155-470-006 | 155-471-004 | 155-482-001 |
| 155-470-007 | 155-471-005 | 155-482-002 |
| 155-470-008 | 155-471-006 | 155-482-003 |
| 155-470-009 | 155-471-007 | 155-482-004 |
| 155-470-010 | 155-471-008 | 155-482-005 |
| 155-470-011 | 155-471-009 | 155-482-006 |
| 155-470-012 | 155-471-010 | 155-482-007 |
| 155-470-013 | 155-471-011 | 155-482-008 |
| 155-470-014 | 155-471-012 | 155-482-009 |
| 155-470-015 | 155-471-013 | 155-482-010 |
| 155-470-016 | 155-471-014 | 155-482-011 |
| 155-470-017 | 155-471-015 | 155-482-012 |
| 155-470-018 | 155-471-016 | 155-482-013 |
| 155-470-019 | 155-471-017 | 155-482-014 |
| 155-470-020 | 155-471-018 | 155-482-015 |
| 155-470-021 | 155-480-001 | 155-482-016 |
| 155-470-022 | 155-480-002 | 155-482-017 |
| 155-470-023 | 155-480-003 | 155-482-018 |
| 155-470-024 | 155-480-004 | 155-482-019 |
| 155-470-025 | 155-480-005 | 155-482-020 |
| 155-470-026 | 155-480-006 | 155-482-021 |
| 155-470-027 | 155-480-007 | 155-482-022 |
| 155-470-028 | 155-480-008 | 155-482-023 |
| 155-470-029 | 155-480-009 | 155-482-024 |
| 155-470-030 | 155-480-010 | 155-482-025 |
| 155-470-031 | 155-481-001 | 155-482-026 |
| 155-470-032 | 155-481-002 | 155-483-001 |
| 155-470-033 | 155-481-003 | 155-483-002 |
| 155-470-034 | 155-481-004 | 155-483-003 |
| 155-470-035 | 155-481-005 | 155-483-004 |
| 155-470-036 | 155-481-006 | |



0 462.5 925 Feet



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2020-2021.



3788 McCray St.
Riverside, CA 92506
951.200.8600



www.webbmfinance.com