



1 or principal and interest on bonds, being approved at an election to be held within the boundaries  
2 of the District.

3 **WHEREAS**, all legal prerequisites to the adoption of this Resolution have occurred.

4 **NOW, THEREFORE**, the City Council hereby resolves, determines, and orders as follows:

5 **SECTION 1.** The Council hereby determines to institute proceedings for the formation of a  
6 community facilities district under the terms of the Act. The Council hereby determines that the  
7 formation of a community facilities district to fund public facilities and services necessary as a result  
8 of development within the area of development is consistent with its Fiscal Policy for New  
9 Development and Annexations, as adopted November 1, 2005 by the City Council, which permits the  
10 funding of services authorized by the Act.

11 **SECTION 2.** The exterior boundaries of the District are hereby specified and described to  
12 be as shown on that certain map now on file in the office of the Clerk entitled “Boundary of City of  
13 Rialto Community Facilities District No. 2024-1 (Renaissance),” which map indicates by a boundary  
14 line the extent of the territory included in the proposed District and shall govern for all details as to  
15 the extent of the District. On the original and one copy of the map of such District on file in the City  
16 Clerk’s office, the City Clerk shall endorse the certificate evidencing the date and adoption of this  
17 resolution. The City Clerk shall file the original of such map in her office and, within fifteen (15)  
18 days after the adoption of this Resolution, the City Clerk shall file a copy of such map so endorsed in  
19 the records of the County Recorder, County of San Bernardino, State of California:

20 **SECTION 3.** The name of the proposed District shall be “City of Rialto Community  
21 Facilities District No. 2024-1 (Renaissance)”.

22 **SECTION 4.** The Facilities which are authorized to be financed by the District are described  
23 and included in Exhibit “B” attached hereto and by this reference incorporated herein. Such Facilities  
24 need not be physically located within the District.

25 **SECTION 5.** The Services which are authorized to be provided and financed by the District  
26 are described in Exhibit “C” attached hereto and by this reference incorporated herein.

27 **SECTION 6.** Except where funds are otherwise available, it is the intention of the District to  
28 levy annually in accordance with procedures contained in the Act (i) a facilities special tax within the

1 District (the “Special Tax A”) sufficient to pay for the costs of financing the acquisition and/or  
2 construction of the Facilities and incidental expenses, including the principal and interest and other  
3 periodic costs on bonds or other indebtedness proposed to be issued to finance the Facilities, including  
4 incidental expenses, the establishment and replenishment of reserve funds, the credit enhancement  
5 fees, the costs of administering the levy and collection of the Special Tax A and all other costs of the  
6 levy of the Special Tax A and issuance of the bonds, including any foreclosure proceedings,  
7 architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees,  
8 capitalized interest on bonds, election costs and all costs of issuance of the bonds, including, but not  
9 limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all  
10 other administrative costs of the tax levy and bond issue, and (ii) a services special tax within the  
11 District sufficient to fund the Services (the “Special Tax B”) including the costs of administering the  
12 levy and collection of the Special Tax B and incidental expenses related thereto. The Special Tax A  
13 and Special Tax B shall be referred to collectively as the “Special Taxes.” The Special Taxes shall be  
14 secured by the recordation of a notice of the continuing lien against all nonexempt real property in the  
15 District. In the first year in which such a Special Taxes are levied, the levy shall include a sum  
16 sufficient to repay to the City all amounts, if any, transferred to the District pursuant to Section 53314  
17 of the Act and interest thereon. The City may extend such payments as provided in the Act. The rate  
18 and method of apportionment and manner of collection of the Special Taxes (the “RMA”) is as  
19 described in detail in Exhibit “D” attached hereto and incorporated herein by this reference. The  
20 Special Taxes are based upon the cost of financing the Facilities and Services in the District, the  
21 demand that each parcel will place on the Facilities and the benefit (direct and/or indirect) received  
22 by each parcel from the Facilities and other reasonable factors. The RMA allows each landowner  
23 within the District to estimate the maximum amount that may be levied against each parcel.

24 **SECTION 7.** If Special Tax A is levied against any parcel used for private residential  
25 purposes, (i) the maximum Special Tax A shall not be increased over time except that it may be  
26 increased by an amount not to exceed two percent (2%) per year to the extent permitted in the RMA;  
27 (ii) Special Tax A shall be levied for a period not to exceed fifty (50) years commencing with Fiscal  
28 Year 2024-25, as further described in the RMA; and (iii) under no circumstances will Special Tax A

1 be increased more than ten percent (10%) as a consequence of delinquency or default by the owner  
2 of any other parcels within the District by more than ten percent. The Special Tax B shall be levied  
3 in perpetuity or until the District determines the Special Tax B no longer needs to be levied.

4 **SECTION 8.** The Special Taxes are based on the expected demand that each parcel of real  
5 property within the District will place on the Facilities and Services, on the benefit that each parcel  
6 derives from the right to access the Facilities and Services and on other factors. The Council hereby  
7 determines the RMA set forth in Exhibit “D” to be reasonable. The Special Taxes are apportioned to  
8 each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such Special Taxes are  
9 not based upon the value or ownership of real property. In the event that a portion of the property  
10 within the District shall become for any reason exempt, wholly or partially, from the levy of the  
11 Special Taxes specified on Exhibit “D”, the Council shall, on behalf of the District, cause the levy to  
12 be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibit  
13 “D” to the extent necessary upon the remaining property within the District which is not delinquent  
14 or exempt in order to yield the special tax revenues required for the purposes described herein. The  
15 obligation to pay special taxes may be prepaid as set forth in Exhibit “D”.

16 **SECTION 9.** Pursuant to Section 53340 of the Act, and except as provided in Section  
17 53317.3 of the Act or in the Rate and Method, properties of entities of the state, federal, and local  
18 governments shall be exempt from the levy of the Special Taxes.

19 **SECTION 10.** A public hearing (the “Hearing”) on the establishment of the District and the  
20 proposed rate and method of apportionment of the Special Taxes shall be held on August 27, 2024,  
21 at 6:00 p.m., or as soon thereafter as practicable, at the chambers of the City Council of the City of  
22 Rialto, 150 S. Palm Avenue, Rialto, California, 92376. Should the Council determine to form the  
23 District as described in this Resolution, a special election will be held within the District to authorize  
24 such Special Taxes in accordance with the procedures contained in Government Code Section 53326.  
25 If held, and there are less than 12 registered voters in the District, the proposed voting procedure at  
26 the elections will be a landowner vote with each landowner who is the owner of record of land within  
27 the District at the close of the Hearing, or the authorized representative thereof, having one vote for  
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1 each acre or portion thereof owned within the District. Ballots for the special election may be  
2 distributed by mail or by personal service.

3 **SECTION 11.** At the time and place set forth above for the Hearing, any interested person,  
4 including all persons owning lands or registered to vote within the District, may appear and be heard.

5 **SECTION 12.** Each City officer who is or will be responsible for the Facilities and Services  
6 to be financed by the District, is hereby directed to study the proposed changes to the District and, at  
7 or before the time of the above-mentioned Hearing, file a report with the Council, and which is to be  
8 made a part of the record of the Hearing, containing a brief description of the Facilities and Services  
9 by type which will in his or her opinion be required to adequately meet the needs of the District and  
10 his or her estimate of the cost of providing the Facilities and Services, including an estimate of the  
11 fair and reasonable cost of all incidental expenses, including the cost of planning and designing the  
12 Facilities to be financed pursuant to the Act, the cost of environmental evaluations of such Facilities,  
13 all costs associated with the formation of the District, issuance of bonds, determination of the amount  
14 of the Special Taxes, collection of the Special Taxes, or costs otherwise incurred in order to carry out  
15 the authorized purposes of the City with respect to the District, including the Services, and any other  
16 expenses incidental to the construction, completion and inspection of the authorized work to be paid  
17 through the District.

18 **SECTION 13.** The City may accept advances of funds or work-in-kind from any sources,  
19 including private persons or private entities, and is authorized and directed to use such funds for any  
20 authorized purpose, including any cost incurred in creating the District or changes to the District. The  
21 District may enter into an agreement to repay all of such funds as are not expended or committed for  
22 any authorized purpose at the time of the election, if the proposal to create the District should fail, and  
23 to repay all of such funds advanced if the levy of the Special Taxes shall be approved by the qualified  
24 electors.

25 **SECTION 14.** The proposed form of Deposit and Reimbursement Agreement (the “Deposit  
26 Agreement”), by and between Lewis-Hillwood Rialto Company, LLC and the City, in substantially  
27 the form presented at this meeting, is hereby approved. The City Manager, or his authorized designee,  
28 and the City Clerk are hereby authorized and directed, on the District’s behalf, to execute, attest and

1 deliver the Deposit Agreement, in substantially said form, with such additions thereto or changes  
2 therein as recommended or approved by the City Manager, the approval of such additions or changes  
3 to be conclusively evidenced by the execution and delivery of the Deposit Agreements by the District.

4 **SECTION 15.** The City Clerk is hereby directed to publish a notice (“Notice”) of the Hearing  
5 pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in  
6 the area of the District. Such Notice shall contain the text or a summary of this Resolution, state the  
7 time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers  
8 will be heard, a description of the protest rights of the registered voters and landowners in the District  
9 as provided in Section 53324 of the Act and a description of the proposed voting procedure for the  
10 election required by the Act. Such publication shall be completed at least seven (7) days prior to the  
11 date of the Hearing.

12 **SECTION 16.** The City Clerk may send a copy of the Notice of the Hearing by first-class  
13 mail, postage prepaid, to each registered voter and to each landowner within the District as shown on  
14 the last equalized assessment roll. Said mailing shall be completed not less than fifteen (15) days prior  
15 to the date of the Hearing.

16 **SECTION 17.** Pursuant to Section 53344.1 of the Act, the Council hereby reserves to itself,  
17 in its sole discretion, the right and authority by subsequent resolution to allow any owner of property  
18 within the District, subject to the provisions of Section 53344.1 of the Act and those conditions as it  
19 may impose, and any applicable prepayment penalties as prescribed in the bond indenture or  
20 comparable instrument or document, to tender to the District treasurer in full payment or partial  
21 payment of any installment of the Special Taxes or the interest or penalties thereon which may be due  
22 or delinquent, but for which a bill has been received, any bond or other obligation secured thereby,  
23 the bond or other obligation to be taken at par and credit to be given for the accrued interest shown  
24 thereby computed to the date of tender.

25 **SECTION 18.** The voting procedure with respect to the levy of the Special Taxes shall be  
26 by hand delivered ballot election.

27 **SECTION 19.** The Council hereby approves the appointment of the following consultants  
28 in connection with the formation of the District: (a) Norton Rose Fulbright US LLP, as special

1 counsel, (b) Fieldman Rolapp & Associates, as municipal advisor, (c) Webb Municipal Finance, LLC,  
2 as special tax consultant, and (d) Empire Economics, Inc., as price point consultant, upon such terms  
3 and conditions as approved by the Finance Director.

4 **SECTION 20.** The City Clerk shall certify the adoption of this Resolution.

5 **SECTION 21.** The Mayor shall sign the passage and adoption of this resolution and  
6 thereupon the same shall take effect and be in force.

7 PASSED, APPROVED AND ADOPTED this 23rd day of July, 2024.

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11 DEBORAH ROBERTSON, MAYOR  
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1 **ATTEST:**

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5 BARBARA MCGEE, CITY CLERK

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7 **APPROVED AS TO FORM:**

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11 ERIC S. VAIL, CITY ATTORNEY

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1 STATE OF CALIFORNIA )  
2 COUNTY OF SAN BERNARDINO ) ss  
3 CITY OF RIALTO )  
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5 I, BARBARA MCGEE, City Clerk of the City of Rialto, do hereby certify that the foregoing  
6 Resolution No. \_\_\_\_\_ was duly passed and adopted at a regular meeting of the City Council  
7 of the City of Rialto held on the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

8 Upon motion of Councilmember \_\_\_\_\_, seconded by Councilmember  
9 \_\_\_\_\_, the foregoing Resolution No. \_\_\_\_\_ was duly passed and adopted.

10 Vote on the motion:

11 AYES:

12 NOES:

13 ABSENT:

14 IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of the City of  
15 Rialto this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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BARBARA MCGEE, CITY CLERK

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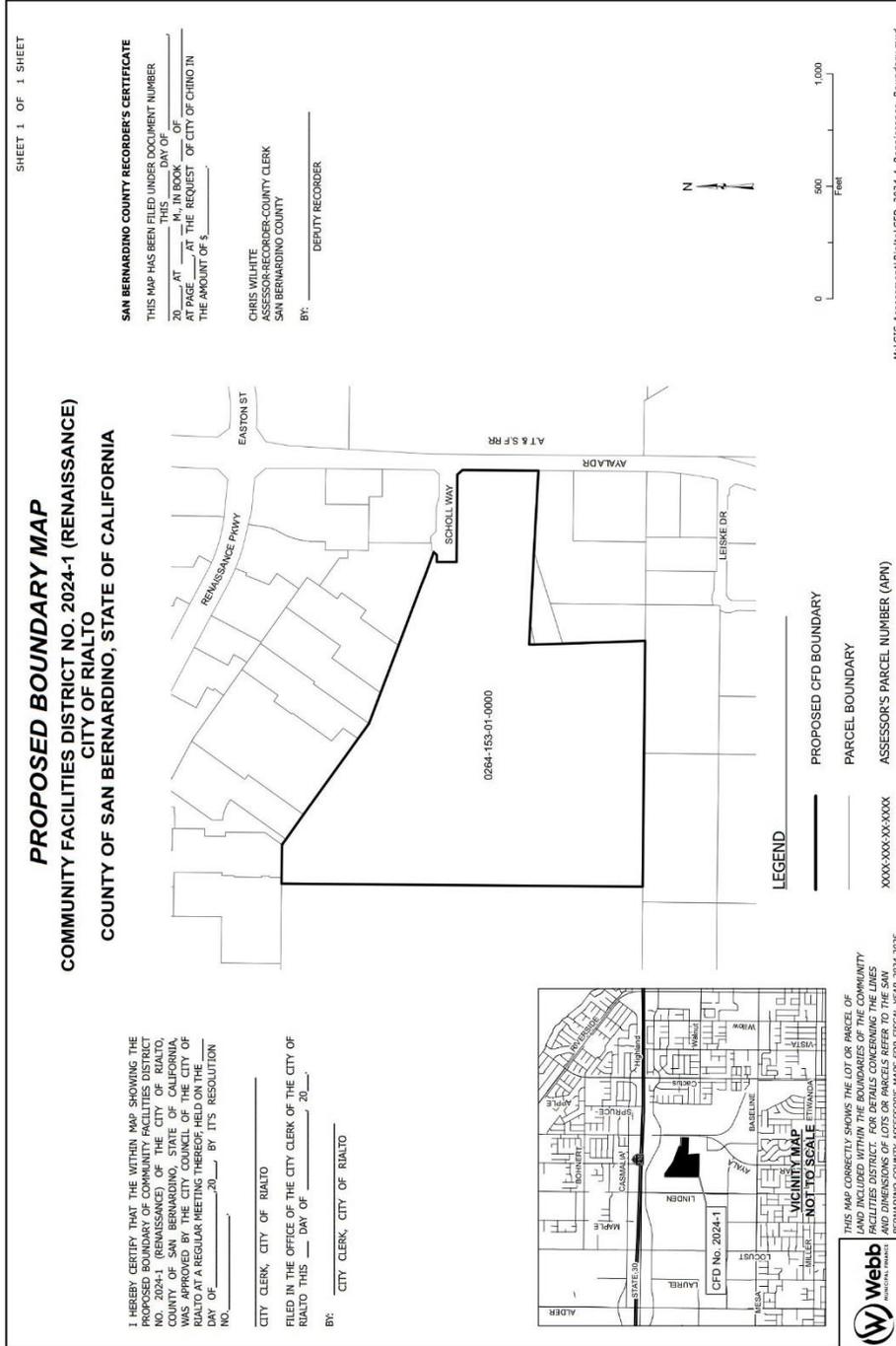
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Exhibit "A"

CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(RENAISSANCE)

PROPOSED BOUNDARY MAP



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THIS MAP CORRECTLY SHOWS THE LOT OR PARCEL OF LAND INCLUDED WITHIN THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE SAN BERNARDINO COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2024-2025.



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1 **Exhibit “B”**

2 **CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2024-1**  
3 **(RENAISSANCE)**

4 **DESCRIPTION OF FACILITIES**

5 The General Description of the Facilities that may be purchased, constructed, expanded, modified,  
6 rehabilitated or improved are certain public capital improvements and fees related thereto with an  
7 estimated useful life of five years or longer, which the District is authorized by law to construct, own,  
operate or provide, including as follows:

- 8 • Storm control facilities, including, but not limited to, storm drains, revetments,  
9 channels, detention basins, headwalls, riprap pads, retention and/or catch basins and  
appurtenant facilities, including line B;
- 10 • City development impact fees and other capital improvement, capacity or connection  
11 fees, including but not limited to, open space fees, street median fees, general  
12 facilities fees, police facilities fees, fire facilities and fire protection fees, library  
13 facilities fees, park fees, storm drain fees, wastewater collection fees, wastewater  
14 treatment fees, water connection and capacity fees, water supply fees, fire flow fees,  
15 transportation facilities, traffic mitigation and regional traffic fees, including RSP  
traffic mitigation fee and Alder/210 Freeway fees, specific plan fees, capital facilities  
fees and other city or public agency fees and all capital facilities which are part of  
these fee programs and capital improvement programs;
- 16 • Incidental expenses.

17 **OTHER**

18 The District may also finance any of the following:

- 19 1. Bond related expenses, including underwriters’ discount, reserve fund, capitalized  
20 interest, financial advisor fees and expenses, bond and disclosure counsel, special tax consultant fees  
21 and expenses, dissemination agent fees and all other incidental expenses.
- 22 2. Administrative fees of the District or City and the Bond trustee or fiscal agent related  
to the District and the Bonds.
- 23 3. Reimbursement of costs related to the formation of the District advanced by the City  
24 or any related entity, or any landowner or developer within the District, as well as reimbursement of  
25 any costs advanced by the City or any related entity, or any landowner or developer within the  
District, for facilities or other purposes or costs of the District.

26 This description of the public capital facilities is general in nature. The final nature and location of  
27 improvements and facilities will be determined upon the preparation of final plans and specifications.  
28 The final plans and specifications may show substitutes in lieu of, or modifications to, proposed  
work. Any such substitution shall not be a change or modification in the proceedings as long as the  
facilities provide a service substantially similar to that as set forth in the Report.

1 **Exhibit “C”**

2 **CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2024-1**  
3 **(RENAISSANCE)**

4 **DESCRIPTION OF SERVICES**

5 The Services to be funded by the District include the following services and all incidental expenses  
6 related to such services, all of which are authorized by the Act:

- 7 • police protection services, fire protection and suppression services, ambulance and  
8 paramedic services;
- 9 • maintenance, operation and lighting of parks, parkways, streets, roads and open  
10 space;
- 11 • flood and storm protection services, including maintenance of storm drains; and
- 12 • maintenance and operation of any real property or other tangible property with an  
13 estimated useful life of five years or more that is owned by the City.

14 The services include operational and maintenance costs associated with providing such services.  
15 Authorized services shall also include the following: (i) related reserves for the replacement of  
16 facilities, and (ii) a sinking fund for services that could not otherwise be funded in a given fiscal year.

17 *Administrative Expenses*

18 The administrative expenses to be funded by the District include the direct and indirect expenses  
19 incurred by the District in carrying out its duties with respect to the District including, but not limited  
20 to, the levy and collection of special taxes, fees and expenses of attorneys, any fees of the County of  
21 San Bernardino related to the District or the collection of special taxes, an allocable share of the  
22 salaries of the City staff related thereto, and expenses incurred by the City in undertaking action to  
23 foreclose on properties for which the payment of special taxes is delinquent, and all other costs and  
24 expenses of the City in any way related to the District.  
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1 **Exhibit “D”**

2 **CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2024-1**  
3 **(RENAISSANCE)**

4 **PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

5 A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries  
6 of City of Rialto Community Facilities District No. 2024-1 (Renaissance) (“CFD No. 2024-1”) and  
7 collected each Fiscal Year commencing in Fiscal Year 2024-2025, in an amount determined by the  
8 CFD Administrator through the application of the procedures described below. All of the real  
9 property within CFD No. 2024-1, unless exempted by law or by the provisions hereof, shall be  
10 taxed for the purposes, to the extent, and in the manner herein provided.

11 **1. DEFINITIONS**

12 The terms hereinafter set forth have the following meanings:

13 **“Acre” or “Acreage”** means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel  
14 Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the  
15 applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area  
16 as calculated by the CFD Administrator. An Acre means 43,560 square feet of land.

17 **“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of  
18 Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

19 **“Administrative Expenses”** means the actual or reasonably estimated costs related to the  
20 administration of CFD No. 2024-1 including, but not limited to: the costs of preparing and  
21 computing the Special Tax levy (whether by the City or designee thereof or both); the costs of  
22 collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting  
23 the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the  
24 discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2024-1,  
25 or any designee thereof complying with arbitrage rebate requirements, including without  
26 limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No.  
27 2024-1, or any designee thereof complying with disclosure or reporting requirements of the City  
28 or CFD No. 2024-1, associated with applicable federal and State laws; the costs associated with  
preparing Special Tax disclosure statements and responding to public inquiries regarding the  
Special Taxes; the costs to the City, CFD No. 2024-1, or any designee thereof related to an appeal  
of the Special Taxes; and the City’s annual administration fees and third party expenses directly  
related to CFD No. 2024-1. Administrative Expenses shall also include amounts estimated or  
advanced by the City or CFD No. 2024-1 for any other administrative purposes of CFD No. 2024-  
1, including attorney’s fees and other costs related to commencing and pursuing any foreclosure  
of delinquent Special Taxes.

**“Approved Property”** means all Assessor’s Parcels of Taxable Property: (i) that are included in a  
Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special

1 Tax is being levied, and (ii) that have not been issued a Building Permit on or prior to the May 1<sup>st</sup>  
2 preceding the Fiscal Year in which the Special Tax is being levied.

3 **“Assessor”** means the Assessor of the County of San Bernardino.

4 **“Assessor’s Parcel”** means a lot, unit, or parcel shown on an Assessor’s Parcel Map with an  
5 assigned Assessor’s Parcel Number.

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

8 **“Assessor’s Parcel Number”** means the number assigned to an Assessor’s Parcel by the County  
9 for purposes of identification.

10 **“Assigned Special Tax A”** means the Special Tax of that name described in Section 3.A below.

11 **“Backup Special Tax A”** means the Special Tax of that name described in Section 3.B below.

12 **“Base Year”** means the Fiscal Year beginning July 1, 2024, and ending June 30, 2025.

13 **“Bonds”** means any bonds or other Debt of CFD No. 2024-1, whether in one or more series,  
14 secured by the levy of Special Taxes.

15 **“Boundary Map”** means the Boundary Map of the boundaries of CFD No. 2024-1 recorded in the  
16 San Bernardino County Recorder’s Office.

17 **“Building Permit”** means a building permit for construction of a Residential Unit within CFD No.  
18 2024-1 issued by the City.

19 **“Building Square Footage”** means all of the square footage of usable area within the perimeter  
20 of a residential structure, not including any carport, walkway, garage, overhang, or similar area.  
21 The determination of Building Square Footage shall be made by reference to the Building  
22 Permit(s) issued for such structure and/or by reference to appropriate records kept by the City.

23 **“Calendar Year”** means the period commencing January 1<sup>st</sup> of any year and ending the following  
24 December 31<sup>st</sup>.

25 **“CFD Administrator”** means an authorized representative of the City, or designee thereof,  
26 responsible for determining the Special Tax Requirement for Facilities and the Special Tax  
27 Requirement for Services, for preparing the Special Tax roll and/or calculating the Backup Special  
28 Tax A.

**“CFD No. 2024-1”** means City of Rialto Community Facilities District No. 2024-1 (Renaissance).

**“City”** means the City of Rialto, California.

**“Consumer Price Index”** means the Consumer Price Index for All Urban Consumers published by  
the U.S. Bureau of Labor Statistics for the Riverside-San Bernardino-Ontario, CA metropolitan  
area in the December preceding the Fiscal Year. In the event this index ceases to be published,  
the Consumer Price Index shall be another index as determined by the CFD Administrator that is  
reasonably comparable to the original index.

1 **“Council”** means the City Council of the City acting as the legislative body of CFD No. 2024-1  
2 under the Act.

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

4 **“Debt”** means any binding obligation to pay or repay a sum of money, including obligations in  
5 the form of bonds, certificates of participation, long-term leases, loans from government  
6 agencies, or loans from banks, other financial institutions, private businesses, or individuals,  
7 pledge agreements or other long-term contracts.

8 **“Debt Service”** means for each Fiscal Year, the total amount of principal and interest payable on  
9 any Outstanding Bonds during the Calendar Year commencing on January 1<sup>st</sup> of such Fiscal Year.

10 **“Developed Property”** means for each Fiscal Year, all Taxable Property, exclusive of Provisional  
11 Property, for which a Building Permit was issued prior to May 1<sup>st</sup> of the previous Fiscal Year. An  
12 Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused  
13 such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided  
14 prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved  
15 Property, provided that the levy of the Special Taxes on such Assessor’s Parcel after such  
16 reclassification does not cause the total Special Tax A authorized to be collected within CFD No.  
17 2024-1 to be less than 1.1 times the annual Debt Service on all Outstanding Bonds plus  
18 Administrative Expenses, for each future Fiscal Year. If Bonds have not been issued, an Assessor’s  
19 Parcel classified as Developed Property for which such a Building Permit has been cancelled  
20 and/or voided shall be reclassified as Approved Property.

21 **“Exempt Property”** means for each Fiscal Year, all Assessor’s Parcels designated as being exempt  
22 from Special Taxes pursuant to Section 8 below.

23 **“Facilities”** means the public facilities authorized to be financed, in whole or in part, by CFD No.  
24 2024-1, as identified in the list of authorized facilities approved by the Resolution of Formation  
25 of CFD No. 2024-1 adopted by the Council when the CFD was formed.

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

**“Fiscal Year”** means the period starting on July 1<sup>st</sup> and ending the following June 30<sup>th</sup>.

**“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, and any instrument replacing or supplementing the same.

**“Land Use Class”** means any of the classes listed in Table 1 under Section 3 below.

**“Lot”** means an Assessor’s Parcel created by a Final Map on which one or more Residential Units  
can be constructed.

1 **“Maximum Special Tax A”** means for each Assessor’s Parcel, the Maximum Special Tax A,  
2 determined in accordance with Sections 3.C and 3.D below, which may be levied in a given Fiscal  
Year on such Assessor’s Parcel of Taxable Property.

3 **“Maximum Special Tax B”** means for each Assessor’s Parcel, the maximum Special Tax B,  
4 determined in accordance with Section 3.A below, which may be levied in a given Fiscal Year on  
such Assessor’s Parcel of Taxable Property.

5 **“Minimum Sale Price”** means the minimum price at which Residential Units of a given Land Use  
6 Class have sold or are expected to be sold in a normal marketing environment and shall not  
7 include prices for such Residential Units that are sold at a discount to expected sales prices for  
the purpose of stimulating the initial sales activity with respect to such Land Use Class.

8 **“Multi-Family Property”** means all Assessor’s Parcels of Residential Property for which a Building  
9 Permit has been issued for the purpose of constructing a building or buildings comprised of  
10 attached Residential Units available for rental by the general public, not for sale to an end user,  
and under common management.

11 **“Non-Residential Property”** means all Assessor’s Parcels for which a building permit has been  
12 issued prior to May 1<sup>st</sup> of the previous Fiscal Year for the purpose of constructing one or more  
non-residential units or facilities.

13 **“Outstanding Bonds”** means all Bonds, which are deemed to be outstanding under the  
14 Indenture.

15 **“PACE Charges”** means a contractual assessment or special tax as established by a public agency  
16 pursuant to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements  
to private property and entered into voluntarily by the property owner.

17 **“Prepayment Amount”** means the amount required to prepay the Special Tax A Obligation in full  
18 for an Assessor’s Parcel as described in Section 6.A below.

19 **“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No.  
20 2024-1 that (a) has substantial experience in performing price point studies for residential units  
within community facilities districts established under the Act or otherwise estimating or  
21 confirming pricing for residential units in such community facilities districts, (b) has recognized  
expertise in analyzing economic and real estate data that relates to the pricing of residential units  
22 in such community facilities districts, (c) is in fact independent and not under the control of CFD  
No. 2024-1 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i)  
23 CFD No. 2024-1, (ii) the City, (iii) any owner of real property in CFD No. 2024-1, or (iv) any real  
24 property in CFD No. 2024-1, and (e) is not connected with CFD No. 2024-1 or the City as an officer  
or employee thereof, but who may be regularly retained to make reports to CFD No. 2024-1 or  
25 the City.

26 **“Price Point Study”** means a price point study or a letter updating a previous price point study  
27 prepared by the Price Point Consultant pursuant to Section 3 herein.

1 **“Property Owner Association Property”** means any Assessor’s Parcel within the boundaries of  
2 CFD No. 2024-1 owned in fee by a property owner association, including any master or sub-  
3 association.

4 **“Proportionately” or “Proportionate”** means for Developed Property, that the ratio of the actual  
5 Special Tax A levy to the applicable Assigned Special Tax A or Backup Special Tax A is equal for all  
6 Assessor’s Parcels of Developed Property. For Approved Property, Provisional Property or  
7 Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax A levy  
8 per Acre to the Maximum Special Tax A per Acre is equal for all Assessor’s Parcels of Approved  
9 Property, Provisional Property or Undeveloped Property. **“Proportionately”** may similarly be  
10 applied to other categories of Taxable Property as listed in Section 4 below.

11 **“Provisional Property”** means all Assessor’s Parcels of Public Property, Property Owner  
12 Association Property, Non-Residential Property or property that would otherwise be classified as  
13 Exempt Property pursuant to the provisions of Section 8 but cannot be classified as Exempt  
14 Property because to do so would reduce the Acreage of all Taxable Property below the required  
15 minimum Acreage as set forth in Section 8.

16 **“Public Property”** means any property within the boundaries of CFD No. 2024-1, which is owned  
17 by, or irrevocably offered for dedication to the federal government, the State of California, the  
18 County, the City or any other public agency; provided however that any property owned by a  
19 public agency and leased to a private entity and subject to taxation under Section 53340.1 of the  
20 Act shall be taxed and classified in accordance with its use.

21 **“Rate and Method”** means this Rate and Method of Apportionment of Special Tax applicable to  
22 the property shown on the Boundary Map of CFD No. 2024-1.

23 **“Residential Property”** means all Assessor’s Parcels of Developed Property for which a Building  
24 Permit has been issued for the purpose of constructing one or more Residential Units.

25 **“Residential Unit”** means each separate residential dwelling unit that comprises an independent  
26 facility capable of conveyance or rental, separate from adjacent residential dwelling units.

27 **“Services”** means the services authorized to be funded, in whole or in part, by CFD No. 2024-1,  
28 as identified in the list of authorized services approved by the Resolution of Formation of CFD  
No. 2024-1 adopted by the Council when the CFD was formed.

**“Special Tax”** means any special tax levied within CFD No. 2024-1 pursuant to the Act and this  
Rate and Method.

**“Special Tax A Obligation”** means the total obligation of an Assessor’s Parcel of Taxable Property  
to pay the Special Tax A for the remaining term of Special Tax A pursuant to Section 7 below.

**“Special Tax Requirement for Facilities”** means that amount required in any Fiscal Year to: (i)  
pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the  
Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on  
the Outstanding Bonds; (iii) pay a proportionate share of Administrative Expenses and other costs  
of CFD No. 2024-1, as applicable; (iv) pay any amounts required to establish or replenish any  
reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for Facilities,

1 provided that the inclusion of such amount does not cause an increase in the Special Tax A to be  
2 levied on Approved Property, Undeveloped Property, or Provisional Property; and (vi) pay for  
3 reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special  
4 Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Special  
5 Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

6 **“Special Tax Requirement for Services”** means that amount required in any Fiscal Year to: (i) pay  
7 directly for Services in the Calendar Year commencing in such Fiscal Year; (ii) pay a proportionate  
8 share of Administrative Expenses and other costs of CFD No. 2024-1, as applicable; (iii) pay for  
9 reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax  
10 B levied in the previous Fiscal Year; less (iv) a credit for funds available to reduce the Special Tax  
11 B levy, as determined by the CFD Administrator.

12 **“State”** means the State of California.

13 **“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2024-1,  
14 which are not exempt from the levy of the Special Taxes pursuant to law or Section 8 below.

15 **“Total Tax Burden”** means for any Residential Unit, the annual Assigned Special Tax A and  
16 Maximum Special Tax B, together with ad valorem property taxes, special assessments, special  
17 taxes for any overlapping community facilities district, and any other taxes, fees, and charges  
18 which are levied and imposed on such Residential Unit and the real property on which it is located  
19 and collected by the County on ad valorem tax bills and which are secured by such Residential  
20 Unit and the real property on which it is located, assuming such Residential Unit had been  
21 completed, sold, and subject to such levies and impositions, excluding PACE Charges (or any other  
22 charge entered into voluntarily by the property owner) and service charges such as those related  
23 to sewer and trash.

24 **“Tract Map No. 20448”** means City of Rialto Tract Map No. 20448 for condominium purposes.

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

26 **“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as  
27 Developed Property, Approved Property, or Provisional Property.

## 28 **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor’s Parcel within CFD No.  
2024-1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable  
Property shall further be classified as Developed Property, Approved Property, Undeveloped  
Property or Provisional Property, and all such Taxable Property shall be subject to the levy of  
Special Taxes in accordance with this Rate and Method determined pursuant to Sections 3 and 4  
below. Furthermore, each Assessor’s Parcel of Developed Property shall be assigned to a Land  
Use Class according to its land use type based on its Building Square Footage as applicable.

## **3. SPECIAL TAX RATES**

Prior to the issuance of Bonds, CFD No. 2024-1 may select and engage a Price Point Consultant, and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Residential Units within each Land Use Class of Residential Property. If, based upon such Price Point Study, the CFD Administrator calculates that the Total Tax Burden applicable to Residential Units within one or more Land Use Classes of Residential Property to be constructed within CFD No. 2024-1 exceeds 2.00% of the Minimum Sale Price of such Residential Units, the Assigned Special Tax A shall be reduced to the extent necessary to cause the Total Tax Burden applicable to Residential Units within such Land Use Class(es) not to exceed 2.00% of the Minimum Sale Price of such Residential Units. Each Assigned Special Tax A reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes.

If the Assigned Special Tax A for any Land Use Class is reduced pursuant to the preceding paragraph, the CFD Administrator shall calculate a reduced Maximum Special Tax A for Undeveloped Property, Approved Property and Provisional Property as well as a reduced Backup Special Tax A for Developed Property. The revised Maximum Special Tax A shall be equal to the Maximum Special Tax A as set forth in Table 2 below, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Classes of Residential Property. The weighted average percentage will be calculated by taking the sum of the products of the number of Residential Units constructed or expected to be constructed in each Land Use Class multiplied by the percentage change in the Assigned Special Tax A for each Land Use Class (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of Residential Units constructed or expected to be constructed and converted to a percentage. The reduced Maximum Special Tax A shall be used to compute the reduced Backup Special Tax A, as determined by the CFDF Administrator.

The Special Tax reductions, if required pursuant to this section, shall be reflected in an amended notice of Special Tax lien, which CFD No. 2024-1 shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit B.

**A. Assigned Special Tax A and Maximum Special Tax B for Developed Property**

The Assigned Special Tax A and Maximum Special Tax B applicable to an Assessor’s Parcel classified as Developed Property for the Base Year shall be determined pursuant to Table 1 below.

**Table 1  
Base Year Assigned Special Tax A and Maximum Special Tax B  
(Fiscal Year 2024-2025)**

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	Less than 1,500	\$2,030 per Residential Unit	\$448 per Residential Unit

2	Residential Property	1,500 to 1,615	\$2,096 per Residential Unit	\$448 per Residential Unit
3	Residential Property	1,616 to 1,730	\$2,162 per Residential Unit	\$448 per Residential Unit
4	Residential Property	1,731 to 1,845	\$2,228 per Residential Unit	\$448 per Residential Unit
5	Residential Property	1,846 to 1,960	\$2,294 per Residential Unit	\$448 per Residential Unit
6	Residential Property	1,961 to 2,075	\$2,360 per Residential Unit	\$448 per Residential Unit
7	Residential Property	2,076 to 2,190	\$2,426 per Residential Unit	\$448 per Residential Unit
8	Residential Property	Greater than 2,191	\$2,492 per Residential Unit	\$448 per Residential Unit
9	Multi-Family Property	N/A	\$40,292 per Acre	\$448 per Residential Unit

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A in Table 1 above shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B shall be increased by the lesser of (i) the twelve month percentage change increase in the Consumer Price Index since the prior Fiscal Year or (ii) three percent (3%) of the amount in effect the prior Fiscal Year. In the event the Consumer Price Index is negative, there will be no change to the Maximum Special Tax B from the amount in effect the prior Fiscal Year.

**B. Backup Special Tax A for Developed Property**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as Multi-Family Property, within a Final Map shall be \$2,505 per Residential Unit for Fiscal Year 2024-2025, subject to increases as described below. The Backup Special Tax A for Multi-Family Property shall be equal to the Assigned Special Tax A.

Each July 1, commencing July 1, 2025, the Backup Special Tax A shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**C. Maximum Special Tax A for Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Developed Property shall be the greater of the Assigned Special Tax A for such Assessor's Parcel of Developed Property or the Backup Special Tax A for such Assessor's Parcel of Developed Property.

1 **D. Maximum Special Tax A for Provisional Property, Approved Property and**  
2 **Undeveloped Property**

3 The Base Year Maximum Special Tax A for Provisional Property, Approved Property and  
4 Undeveloped Property shall be determined in accordance with Table 2 below. For each  
5 subsequent Fiscal Year following the Base Year, the Maximum Special Tax A rate for  
6 Provisional Property, Approved Property and Undeveloped Property shall be increased by  
7 two percent (2%) of the amount in effect the prior Fiscal Year.

8 **Table 2**  
9 **Base Year Maximum Special Tax A**  
10 **Provisional Property, Approved Property and Undeveloped Property**  
11 **(Fiscal Year 2024-2025)**

12	<b>Maximum Special Tax A</b>
13	\$40,292 per Acre

14 **4. METHOD OF APPORTIONMENT**

15 **A. Special Tax A**

16 For each Fiscal Year, commencing Fiscal Year 2024-2025, the CFD Administrator shall levy  
17 the Special Tax A on all Taxable Property in accordance with the following steps:

18 Step 1: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of  
19 Developed Property up to 100% of the applicable Assigned Special Tax A;

20 Step 2: If additional monies are needed to satisfy the Special Tax Requirement for  
21 Facilities after Step 1 has been completed, the Special Tax A shall be levied  
22 Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100%  
23 of the Maximum Special Tax A for Approved Property;

24 Step 3: If additional monies are needed to satisfy the Special Tax Requirement for  
25 Facilities after Step 2 has been completed, the Special Tax A shall be levied  
26 Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to  
27 100% of the Maximum Special Tax A for Undeveloped Property;

28 Step 4: If additional monies are needed to satisfy the Special Tax Requirement for  
Facilities after the first three steps have been completed, then the Special Tax A amount  
determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of  
Developed Property in an amount up to 100% of the Maximum Special Tax A for such  
Assessor's Parcel of Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for  
Facilities after the first four steps have been completed, then the Special Tax A shall be

1 levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up  
2 to 100% of the Maximum Special Tax A for Provisional Property.

3 In the event Building Permits have been issued prior to May 1<sup>st</sup> of the previous Fiscal Year  
4 for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's  
5 Parcel to be classified as Developed Property, and the County has not yet assigned final  
6 Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map  
7 applicable to such Assessor's Parcel, the amount of the Special Tax A levy on such  
8 Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first  
9 determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on  
10 the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of  
11 the Special Tax A levy for the Residential Units on such Assessor's Parcel for which Building  
12 Permits have been issued shall be determined based on the Developed Property Assigned  
13 Special Tax A rates and such amount shall be levied as Developed Property in accordance  
14 with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in  
15 such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to:  
16 (A) the percentage of the Maximum Special Tax A rate levied on all other Undeveloped  
17 Property pursuant to Step 2 above multiplied by the total of the amount determined in  
18 clause (1), less (B) the amount determined in clause (2).

19 Notwithstanding the above, under no circumstances will the Special Tax A levied in any  
20 Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy  
21 permit for private residential use has been issued be increased as a result of a delinquency  
22 or default in the payment of the Special Tax A applicable to any other Assessor's Parcel  
23 within CFD No. 2024-1 by more than ten percent (10%) above what would have been  
24 levied in the absence of such delinquencies or defaults.

#### 25 **B. Special Tax B**

26 For each Fiscal Year, commencing Fiscal Year 2024-2025, the CFD Administrator shall levy  
27 the Special Tax B Proportionately on all Assessor's Parcels of Developed Property up to  
28 100% of the applicable Maximum Special Tax B to satisfy the Special Tax Requirement for  
Services.

### 29 **5. COLLECTION OF SPECIAL TAXES**

30 Collection of the Special Taxes shall be made by the County in the same manner as ordinary ad  
31 valorem property taxes are collected and the Special Taxes shall be subject to the same penalties  
32 and the same lien priority in the case of delinquency as ad valorem taxes; provided, however,  
33 that the Council may provide for (i) other means of collecting the Special Taxes, including direct  
34 billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

### 35 **6. PREPAYMENT OF SPECIAL TAX A OBLIGATION**

1 **A. Prepayment in Full**

2 Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash  
3 settlement with the City as permitted under Government Code Section 53344. The following  
4 definitions apply to this Section 6.

4 **“Bond Index”** means the national Bond Buyer Revenue Bond Index, commonly referenced as the  
5 25-Bond Revenue Index. In the event the 25-Bond Revenue Index ceases to be published, the  
6 Bond Index used shall be based on a comparable index for revenue bonds maturing in 30 years  
7 with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by  
8 the City.

8 **“Bond Yield”** means the yield of the last series of Bonds issued. For purposes of this calculation,  
9 the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant  
10 to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-  
11 Arbitrage (Tax) Certificate or another similar bond issuance document.

10 **“CFD Estimated Proceeds”** means \$14,258,464 or such lower number as (i) shall be determined  
11 by the CFD Administrator as the estimated aggregate net proceeds of all bonds for CFD No. 2024-  
12 1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any  
13 more Bonds (except refunding bonds).

13 **“Construction Fund”** means the fund (regardless of its name) established pursuant to the  
14 Indenture to hold funds, which are currently available for expenditure to acquire or construct the  
15 facilities or pay fees authorized to be funded by CFD No. 2024-1.

15 **“Future Facilities Costs”** means the CFD Estimated Proceeds minus (i) costs previously paid from  
16 the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the  
17 Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund  
18 that are expected to be available to finance CFD Estimated Proceeds.

18 **“Outstanding Bonds”** means all Previously Issued Bonds, which remain outstanding as of the first  
19 interest and/or principal payment date following the current Fiscal Year excluding Bonds to be  
20 redeemed at a later date with proceeds of prior Special Tax prepayments.

20 **“Present Value”** means the net present value of a stream of Special Tax payments for a specific  
21 number of future Fiscal Years attributable to an Assessor’s Parcel, using as the discount rate  
22 either (i) the Bond Yield if Bonds have been issued, or (ii) the most recently published Bond Index  
23 if Bonds have not been issued.

23 **“Previously Issued Bonds”** means all Bonds that have been issued prior to the date of  
24 prepayment.

25 The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property, Approved  
26 Property, Undeveloped Property, or Provisional Property may be prepaid and the obligation to  
27 pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein,  
28 provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if  
there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of  
prepayment and such prepayment does not reduce the aggregate value to lien ratio of remaining  
Developed Property below the aggregate value to lien ratio of Developed Property at the time of

1 issuance of the latest Previously Issued Bonds or other requirements within the Indenture. An  
2 owner of an Assessor's Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD  
3 Administrator with written notice of intent to prepay and designate or identify the company or  
4 agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the  
5 owner with a statement of the Prepayment Amount for such Assessor's Parcel within thirty (30)  
6 days of the request and may charge a reasonable fee for providing this service. Prepayment must  
7 be made at least sixty (60) days prior to any redemption date for the CFD No. 2024-1 Bonds to  
8 be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is  
9 acceptable to the Trustee and the City.

7 The Prepayment Amount shall be calculated for each applicable Assessor's Parcel or group of  
8 Assessor's Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
9 plus	Redemption Premium
10 plus	Future Facilities Amount
11 plus	Defeasance Amount
12 plus	Administrative Fees and Expenses
13 less	Present Value of the Pay-Go Obligation
14 less	Reserve Fund Credit
	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

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

- 17 1. Confirm that no Special Tax delinquencies apply to such Parcel and other conditions of  
18 the Indenture are met.
- 19 2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for  
20 the Assessor's Parcel as though all Assessor's Parcels of Taxable Property within CFD No.  
21 2024-1 have been built out. For an Assessor's Parcel of Approved Property or  
22 Undeveloped Property for which a Building Permit has been issued, compute the  
23 Maximum Special Tax A for such Assessor's Parcel as though it was already designated as  
24 Developed Property, based upon the Building Permit which has been issued for the  
25 Assessor's Parcel. For an Assessor's Parcel of Approved Property, Undeveloped Property  
26 or Provisional Property for which a Building Permit has not been issued, compute the  
27 Maximum Special Tax A for the Assessor's Parcel.
- 28 3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the estimated total  
amount of Special Tax A that could be levied at build out of all Assessor's Parcels of  
Taxable Property based on the applicable Maximum Special Tax A for all such Assessor's  
Parcels of Taxable Property not including any Parcels for which the Special Tax A  
Obligation has been previously prepaid.

- 1 4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the  
2 Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with  
the Prepayment Amount (the "Bond Redemption Amount").
- 3 5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on  
4 the Outstanding Bonds to be redeemed (the "Redemption Premium").
- 5 6. Determine the Future Facilities Costs.
- 6 7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined  
7 pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable  
to the Assessor's Parcel (the "Future Facilities Amount").
- 8 8. Determine the amount needed to pay interest on the Bond Redemption Amount from the  
9 first bond interest and/or principal payment date following the current Fiscal Year until  
10 the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed  
from Special Tax prepayments.
- 11 9. Determine the amount the CFD Administrator reasonably expects to derive from the  
12 investment of the Bond Redemption Amount and the Redemption Premium from the  
13 date of prepayment until the redemption date for the Outstanding Bonds to be redeemed  
with the Prepayment Amount.
- 14 10. Subtract the amount derived pursuant to paragraph 9 from the amount derived pursuant  
15 to paragraph 8 (the "Defeasance Amount").
- 16 11. Verify the administrative fees and expenses associated with the prepayment, including  
17 the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds,  
18 and the cost of recording notices to evidence the prepayment of the Special Tax A  
Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the  
"Administrative Fees and Expenses").
- 19 12. Multiply the Maximum Special Tax A derived pursuant to paragraph 2 by nine percent  
20 (9%) ("Following Year Pay-Go Obligation").
- 21 13. Subtract the number of years the Special Tax A has been levied (including the current  
22 Fiscal Year) from 30 ("Remaining Pay-Go Years").
- 23 14. Compute the Present Value of a stream of payments starting with the Following Year Pay-  
24 Go Obligation and escalating that amount by two percent (2%) each year so that the total  
number of payments is equal to the Remaining Pay-Go Years calculated in paragraph 13  
("Present Value of Pay-Go Obligation").
- 25 15. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the  
26 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  
27 (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  
28 prepayment from the balance in the reserve fund on the prepayment date, but in no  
event shall such amount be less than zero.

1 16. If any capitalized interest for the Outstanding Bonds will not have been expended at the  
2 time of the first interest and/or principal payment following the current Fiscal Year, a  
3 capitalized interest credit shall be calculated by multiplying the quotient computed  
4 pursuant to paragraph 3 by the expected balance in the capitalized interest fund after  
5 such first interest and/or principal payment (the "Capitalized Interest Credit").

6 17. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond  
7 Redemption Amount, the Redemption Premium, the Future Facilities Amount, the  
8 Defeasance Amount, the Administrative Fees and Expenses and the Present Value of the  
9 Pay-Go Obligation, less the Reserve Fund Credit and the Capitalized Interest Credit.

10 18. From the Prepayment Amount, the Bond Redemption Amount, the Redemption  
11 Premium, and Defeasance Amount shall be deposited into the appropriate fund as  
12 established under the Indenture and be used to redeem Outstanding Bonds or make Debt  
13 Service payments. The Future Facilities Amount and the Present Value of the Pay-Go  
14 Obligation shall be deposited into the Construction Fund. The Administrative Fees and  
15 Expenses shall be retained by CFD No. 2024-1.

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

20 The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full.  
21 With respect to any Assessor's Parcel for which the Special Tax A Obligation is prepaid in full,  
22 once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid,  
23 the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate  
24 the prepayment of the Special Tax A and the release of the Special Tax A lien on such Assessor's  
25 Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax A shall  
26 cease.

27 Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate  
28 amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable  
Property after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding  
Bonds in each Fiscal Year.

## 29 **B. Partial Prepayment**

30 The Special Tax A for an Assessor's Parcel of Developed Property, Approved Property, or  
31 Undeveloped Property for which a building permit has been issued may be partially prepaid. The  
32 amount of the prepayment shall be calculated as in Section 6.A.; except that a partial prepayment  
33 shall be calculated according to the following formula:

$$34 \quad PP = (P_E - A) \times F + A$$

35 These terms have the following meaning:

36 PP = the partial prepayment

37 P<sub>E</sub> = the Prepayment Amount calculated according to Section 6.A

1 F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the  
2 Special Tax A Obligation

3 A = the Prepayment Administrative Fees and Expenses from Section 6.A

4 The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD  
5 Administrator of (i) such owner's intent to partially prepay the Special Tax A Obligation, (ii) the  
6 percentage by which the Special Tax A Obligation shall be prepaid, and (iii) the company or agency  
7 that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner  
8 with a statement of the amount required for the partial prepayment of the Special Tax A  
9 Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a  
10 reasonable fee for providing this service.

11 With respect to any Assessor's Parcel for which the Special Tax A is partially prepaid, the City shall  
12 (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of  
13 CFD No. 2024-1 that there has been a partial prepayment of the Special Tax A Obligation and that  
14 a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding  
15 percentage (1.00 - F) of the Maximum Special Tax A, shall continue to be levied on such Assessor's  
16 Parcel.

17 Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate  
18 amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable  
19 Property after the proposed partial prepayment is at least 1.1 times the Debt Service on all  
20 Outstanding Bonds in each Fiscal Year.

21 The Special Tax B cannot be prepaid.

## 22 **7. TERM OF SPECIAL TAX**

23 The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for  
24 Facilities for a period not to exceed fifty (50) Fiscal Years commencing with Fiscal Year 2024-2025,  
25 provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD  
26 Administrator has determined that all required interest and principal payments on all  
27 Outstanding Bonds have been paid.

28 The Special Tax B shall be levied in perpetuity as necessary to satisfy the Special Tax Requirement  
for Services.

## 8. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property,  
(ii) Assessor's Parcels of Property Owner Association Property, or (iii) 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, (iv) Assessor's Parcels with public or utility easements making  
impractical their utilization for other than the purposes set forth in the easement, and (v)  
Assessor's Parcels classified as Non-Residential Property as determined reasonably by the CFD  
Administrator, provided that no such classification would reduce the Acreage of Taxable Property  
of CFD No. 2024-1 to less than the Acreage amount listed in Table 3 below.

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**TABLE 3**  
**MINIMUM TAXABLE ACRES**

<b>Acres</b>
26.67

Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of Taxable Property to less than the Acreage shown in Table 3 shall be classified as Provisional Property and will continue to be subject to the CFD No. 2024-1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property, except for Non-Residential Property, which will be assigned tax exempt status only after all other eligible property types have been classified as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 8 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

**9. APPEALS**

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- (ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- (iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the Council. Upon the receipt of such notice, the Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

**10. INTERPRETATIONS**

The Council or designee thereof shall interpret this Rate and Method for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the Council or designee shall be final.

1 EXHIBIT A

2  
3 CERTIFICATE OF MODIFICATION OF SPECIAL TAX

4 (PAGE 1 OF 4)

5  
6 CITY OF RIALTO CFD NO. 2024-1 CERTIFICATE

- 7  
8 1. Pursuant to Section 3 of the Rate and Method of Apportionment of Special Tax for City of  
9 Rialto Community Facilities District No. 2024-1 (Renaissance) ("CFD No. 2024-1"), the  
Assigned Special Tax A for Residential Property within CFD No. 2024-1 has been modified.

10  
11 The information in Table 1 relating to the Assigned Special Tax A for Developed Property  
12 within CFD No. 2024-1, as stated in Section 3.A. of the Rate and Method of  
Apportionment, has been modified as follows:

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX  
(PAGE 2 OF 4)**

**Table 1  
Base Year Assigned Special Tax A  
(Fiscal Year [ - ])**

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax A	Maximum Special Tax B
1	Residential Property	Less than 1,500	\$_____ per Residential Unit	\$__ per Residential Unit
2	Residential Property	1,500 to 1,615	\$_____ per Residential Unit	\$__ per Residential Unit
3	Residential Property	1,616 to 1,730	\$_____ per Residential Unit	\$__ per Residential Unit
4	Residential Property	1,731 to 1,845	\$_____ per Residential Unit	\$__ per Residential Unit
5	Residential Property	1,846 to 1,960	\$_____ per Residential Unit	\$__ per Residential Unit
6	Residential Property	1,961 to 2,075	\$_____ per Residential Unit	\$__ per Residential Unit
7	Residential Property	2,076 to 2,190	\$_____ per Residential Unit	\$__ per Residential Unit
8	Residential Property	Greater than 2,191	\$_____ per Residential Unit	\$__ per Residential Unit
9	Multi-Family Property	N/A	\$_____ per Acre	\$__ per Residential Unit

**B. Backup Special Tax A for Developed Property**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as Multi-Family Property, within a Final Map shall be \$\_\_\_\_\_ per Residential Unit for Fiscal Year 20\_\_-20\_\_, subject to increases as described below. The Backup Special Tax A for Multi-Family Property shall be equal to the Assigned Special Tax A.

Each July 1, commencing July 1, 2025, the Backup Special Tax A shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX**  
**(PAGE 3 OF 4)**

**Table 2**  
**Base Year Maximum Special Tax A**  
**Provisional Property, Approved Property and Undeveloped Property**  
**(Fiscal Year [ - ])**

<b>Maximum Special Tax A</b>
\$[    ] per Acre

2. Special Tax A may only be modified prior to the first issuance of CFD No. 2024-1 Bonds.

3. Upon execution of this certificate by CFD No. 2024-1, CFD No. 2024-1 shall cause an amended notice of Special Tax lien for CFD No. 2024-1 to be recorded reflecting the modifications set forth herein.

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX**  
**(PAGE 4 OF 4)**

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By execution hereof, the undersigned acknowledge, on behalf of the City and CFD No. 2024-1, receipt of this certificate and modification of the Rate and Method of Apportionment of Special Tax as set forth in this certificate.

CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2024-1 (RENAISSANCE)

By: \_\_\_\_\_ Date: \_\_\_\_\_