

**PETITION TO ANNEX REAL PROPERTY TO
CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2016-1
(PUBLIC SERVICES) AND CONSENT AND WAIVER WITH RESPECT TO CERTAIN
RELATED MATTERS**

TO THE CITY COUNCIL
CITY OF RIALTO
150 S. Palm Avenue,
Rialto, CA 92376

Members of the City Council:

This is (i) a petition to request that the City Council of the City of Rialto (the "City Council") reinstitute proceedings to annex certain real property to City of Rialto Community Facilities District No. 2016-1 (Public Services) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, California Government Code Section 53311 and following (the "Act"), (ii) a consent to annex into the CFD and (iii) a waiver of certain time limits and requirements in connection with the proceedings and election to be held by the City Council in connection with the annexation to the CFD.

THE UNDERSIGNED (THE "PETITIONER") EXECUTES THIS PETITION, CONSENT AND WAIVER BASED ON THE UNDERSTANDING THAT THE CFD WILL LEVY A SPECIAL TAX ONLY ON REAL PROPERTY THAT IS OWNED IN FEE BY THE UNDERSIGNED, THE PROPERTY OWNER OF THE PROPOSED PROJECT.

The undersigned hereby states, consents, represents and agrees under penalty of perjury, as follows:

- I. Petitioner. This petition and, consent and waiver is submitted by the person identified below as the owner or the authorized representative(s) of the owner of the parcel(s) of land identified below to annex to the CFD so that the land is within the boundaries of the CFD. By submitting this petition, such person warrants to the City of Rialto (the "City") and the CFD that he or she is either the owner of such land or is legally authorized by the owner of such land to execute this petition and waiver. Furthermore, such person warrants that there are no registered voters residing on such land and that he or she is the owner of one hundred percent (100%) of the area of such land as of the date hereof.
- II. Consent to CFD/WAIVER of Provisions. The undersigned is requesting the City Council to institute proceeds again to annex to the CFD because the previous owner mistakenly executed its previous ballot to indicate that it was not interested in joining the CFD. The undersigned hereby understands that should it vote to be annexed into the CFD, it will be assessed a special tax on its property in accordance with the rate and method of apportionment of the special

tax shown on Exhibit A hereto and by this reference incorporated herein (the "RMA"). The undersigned hereby fully and voluntarily consents to annex to the CFD and for the City and CFD to levy such taxes on the property perpetually pursuant to the RMA. In such connection, the undersigned hereby requests and voluntarily waives the following provisions of law:

a. Section 53339.9 of the Act which requires that the City Council not take any further action on annexing territory into the CFD for a period of one year if the election result is negative. The undersigned hereby requests a new election and voluntarily waives Section 53339.9 of the Act.

b. The undersigned waives any other provisions of the Act and Election Code as may be necessary such that it can annex fully into the CFD on January 29th, 2019 or as soon thereafter as practical, such that all actions required for the annexation, including public hearings and elections be considered on the same date without required timing periods or notice periods required by the Act. The undersigned hereby requests such actions all take place on the next practical date of the city council, being January 29, 2019 or as soon thereafter as practical. The undersigned requests that all of the following resolutions, hearings, election and actions be considered and adopted on the same date.

- Adopt a Resolution of Intention to Annex Territory to CFD 2016-1;
- Hold public hearing.
- Adopt a Resolution Authorizing the Annexation of Territory to CFD 2016-1;
- Adopt a Resolution Calling a CFD Special Election;
- Conduct CFD Special Election; Open and Count Ballots;
- Adopt a Resolution Certifying Special Election Results.

III. Proceedings Requested. Petitioner hereby requests that the City Council, acting as the legislative body of the CFD, undertake proceedings under the Act to annex certain property to the CFD and to levy special taxes on said real property within the CFD, as described above.

IV. Boundaries of the CFD. Petitioner asks that the territory to be included in the boundaries of the CFD consist of the boundaries which are described as the exterior boundaries of the composite and consolidated area of all parcels of property more particularly shown on a map thereof attached hereto as Exhibit B (and incorporated herein by this reference) and to be filed in the office of the County Clerk of San Bernardino County, entitled: "Annexation Map No. 2 of Community Facilities District No. 2016-1 (Public Services), City of Rialto, County of San Bernardino, State of California," which indicates by a boundary line the extent of the territory included in the proposed annexation to the CFD and which shall govern for all details as to the extent of the CFD.

- V. Purpose of the CFD. Petitioner asks that the CFD be created, the special taxes be levied to finance and to provide the public services shown in Exhibit C attached hereto and incorporated herein by this reference.
- VI. Election. Petitioner hereby requests that the City Council consolidate the special election to be held under the Act to authorize the special taxes for the CFD into a single election, and that the City and its officials conduct the election using mailed or hand-delivered ballots, and that the election be held, and such ballots be opened and canvassed and the results certified at the same meeting of the City Council as the public hearings held regarding the annexation to the CFD pursuant to the Act. In such connection, Petitioner waives all time periods, formalities and notices relating to the election, including all arguments, form of ballots or analysis required in connection with the elect.
- VII. Waivers. To expedite the completion of the proceedings for annexation to the CFD, the Petitioner hereby waives all notices of hearings required under the Act, all notices of election, applicable waiting periods under the Act and the Elections Code for the election, all ballot analysis and arguments for the election and any other requirements of the Government Code and the Elections Code..

This petition is dated January 23, 2019 [DATE OF CLOSING]

This Petitioner is: Christina Robledo and Conrado Robledo,
as joint tenants

By: Christina Robledo
Name: Christina Robledo, a single woman

By: Conrado Robledo
Conrado Robledo, a married man, his sole and separate
property

Property Owned in Proposed Annexation to CFD
1520 WEST CORNELL STREET, RIALTO CA 92376

The address of the above owner for receiving notices is (other than above):

Address _____

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within the City of Rialto Community Facilities District 2016-1 (Public Services), ("CFD 2016-1"), other than Assessor's Parcels classified as Exempt Property as defined herein, and collected each Fiscal Year commencing in Fiscal Year 2017-2018, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD 2016-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel, expressed in acres, as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated expenses related to the administration of CFD 2016-1: the costs of determining the amount of the levy of Special Taxes, the collection of Special Taxes, including the expenses of collecting delinquencies and pursuing foreclosures or tax sale collection, the payment of a proportional share of salaries and benefits of any City employee and City overhead whose duties are directly related to the administration of CFD 2016-1, fees and expenses for counsel, audits, costs associated with responding to public inquiries regarding CFD 2016-1, and any and all other costs incurred in connection with the administration of CFD 2016-1.

"Annual Escalation Factor" means the lesser of three percent (3%) or the annual percentage increase, if any, of the U.S. Bureau of Labor Statistics – Compensation: Employment Cost Index for total compensation, for State and Local Government Workers, as determined by the Bureau of Labor Statistics for the twelve (12) months ending the preceding December 31.

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

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

"Base Year" means Fiscal Year beginning July 1, 2017 and ending June 30, 2018.

"Boundary Map" means the map of the boundaries of CFD 2016-1 recorded on October 6, 2016 in the San Bernardino County Recorder's Office in Book 87, Pages 29, of Maps of Assessments and Community Facilities Districts (instrument number 2016-0418016).

"Building Permit" means a permit issued for new construction of a residential dwelling or non-residential structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of retaining walls, grading, utility improvements, or other such improvements not intended for human habitation.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Services and providing for the levy and collection of the Special Taxes for CFD 2016-1.

"CFD 2016-1" means City of Rialto Community Facilities District 2016-1 (Public Services) established by the City Council under the Act.

"City" means the City of Rialto.

"City Council" means the Council of the city of Rialto, acting as the legislative body of CFD 2016-1.

"County" means the County of San Bernardino.

"Developed Property" means an Assessor's Parcel of Taxable Property for which a Building Permit was issued on or before **June 1** preceding the Fiscal Year for which Special Taxes are being levied.

"Exempt Property" means all Assessor's Parcels within CFD 2016-1 that are exempt from the Special Taxes pursuant to the Act or Section F herein.

"Final Map" means an Assessor's Parcel Map, a Final Subdivision Map, condominium plan, lot line adjustment, or any other map functionally considered to be an equivalent development map that has been recorded in the Office of the County Recorder.

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

"Land Use Type" means any of the land use types listed in Table 1 below.

"Lot" means property within a Final Map identified by a lot number for which a Building Permit has been issued or may be issued.

"Maximum Special Tax" means the maximum Special Tax determined in accordance with Section C, which may be levied in any Fiscal Year on an Assessor's Parcel of Taxable Property.

"Multi-Family Residential Property" or "MFR Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, town homes, condominiums, and apartment units.

"Property Owner Association Property" means for each Fiscal Year any property within the boundaries of CFD 2016-1 that was owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to a property owner association, including any master or sub-association, as of **June 1**.

“Proportionately” means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels within each Land Use Class.

“Public Property” means any property that is owned by, dedicated or irrevocably dedicated to a city, the federal government, the State of California, the County, or any other public agency (each, a “Public Entity”); provided, however, that any such property is leased by such a Public Entity to a private entity and is thereby subject to taxation pursuant to Section 53340.1 of the Act, such leasehold estate shall be classified and taxed according to the use thereof.

“Residential Property” means all Assessor’s Parcels of Developed Property within CFD 2016-1 for which a Building Permit has been issued for purposes of constructing one or more Residential Unit(s).

“Residential Unit” means any residence in which a person or persons may live, which is not considered to be used for non-residential purposes.

“Services” means those authorized services that may be funded by CFD 2016-1 pursuant to the Act, as amended including but not limited to: police protection services; fire protection and suppression services, and ambulance and paramedic services; maintenance and lighting of parks, parkways, streets, roads, and open space; and flood and storm protection services.

“Single-Family Detached Residential Unit” or “SFR Property” means all Assessor’s Parcels of Residential Property consisting of a single Dwelling Unit.

“Special Tax” means the special tax authorized to be levied within CFD 2016-1 pursuant to the Act, to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount, as determined by the CFD Administrator, for any Fiscal Year to: (i) pay the costs of providing the Services during such Fiscal Year, (ii) pay Administrative Expenses associated with the Special Tax, (iii) establish or replenish any operational reserve fund established for Services, (iv) pay incidental expenses related to the Services as authorized pursuant to the Act, (v) fund an amount equal to a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which the Special Tax will be levied (“Estimated Special Tax Delinquency Amount”) and (vi) fund the shortfall, if any, in the Special Tax revenues collected in the preceding Fiscal Year necessary to fund the Special Tax Requirement for Services for such Fiscal Year where such shortfall resulted from delinquencies in the payment of Special Taxes in such Fiscal Year that exceeded the Estimated Special Tax Delinquency Amount included in the Special Tax Requirement for Services for such Fiscal Year.

“Taxable Property” means all Assessor’s Parcels that are not exempt from the Special Tax pursuant to the Act or Section H.

“Undeveloped Property” means an Assessor’s Parcel of Taxable Property for which a Building Permit has not been issued on or before June 1 preceding the Fiscal Year for which Special Taxes are being levied.

B. CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2017-2018, using the definitions above, each Assessor’s Parcel within the CFD 2016-1 shall be classified by the CFD Administrator as Taxable Property or Exempt Property. In addition, each such Fiscal Year, each Assessor’s Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property or Undeveloped Property. Developed Property shall be further classified as Single-Family

Residential Property or Multi-Family Residential Property. Commencing with Fiscal Year 2017-2018 and for each subsequent Fiscal Year, all Taxable Property shall be subject to the levy of Special Taxes pursuant to Section C below.

C. MAXIMUM ANNUAL SPECIAL TAXES

1. Developed Property

Each Fiscal Year commencing in Fiscal Year 2017-2018, each Assessor's Parcel of Developed Property shall be subject to the Special Tax. The Maximum Special Tax for Developed Property for Fiscal Year 2017-2018 is shown below in Table 1.

**Table 1
Developed Property
Maximum Special Tax Rates**

Land Use Type	Maximum Special Tax Base Year (2017/18)
Residential	
SFR Property	\$288 per Residential Unit
MFR Property	\$216 per Residential Unit

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax rate shall be increased from the Maximum Special Tax rate in effect for the prior Fiscal Year by the Annual Escalation Factor.

2. Undeveloped Property

Each Fiscal Year commencing in Fiscal Year 2017-2018, each Assessor's Parcel classified as Undeveloped Property shall be exempt from the levy of the Special Tax.

3. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section F.

For each Fiscal Year, if the use or ownership of an Assessor's Parcel or Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in Section F, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing in Fiscal Year 2017-2018 and for each subsequent Fiscal Year, the CFD Administrator shall levy the Special Tax on all Taxable Property of CFD 2016-1 until the total amount of Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within CFD 2016-1 up to 100% of the Maximum Special Tax to satisfy the Special Tax Requirement.

Notwithstanding any provision of this Section D to the contrary, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property that is classified as Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel.

E. PREPAYMENT OF SPECIAL TAX

The Special Tax shall be levied in perpetuity for the purpose of financing ongoing authorized services and therefore may not be prepaid.

F. EXEMPTIONS

The City Council shall classify as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, including but not limited to property designated for open space, trails, pathways, parks or park and recreation related facilities, (iv) property reasonably designated by the City or CFD Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors.

G. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax A that is disputed. The CFD Administrator 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, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Tax.

H. MANNER OF COLLECTION

The annual Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special Taxes may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD 2016-1.

BOUNDARY MAP

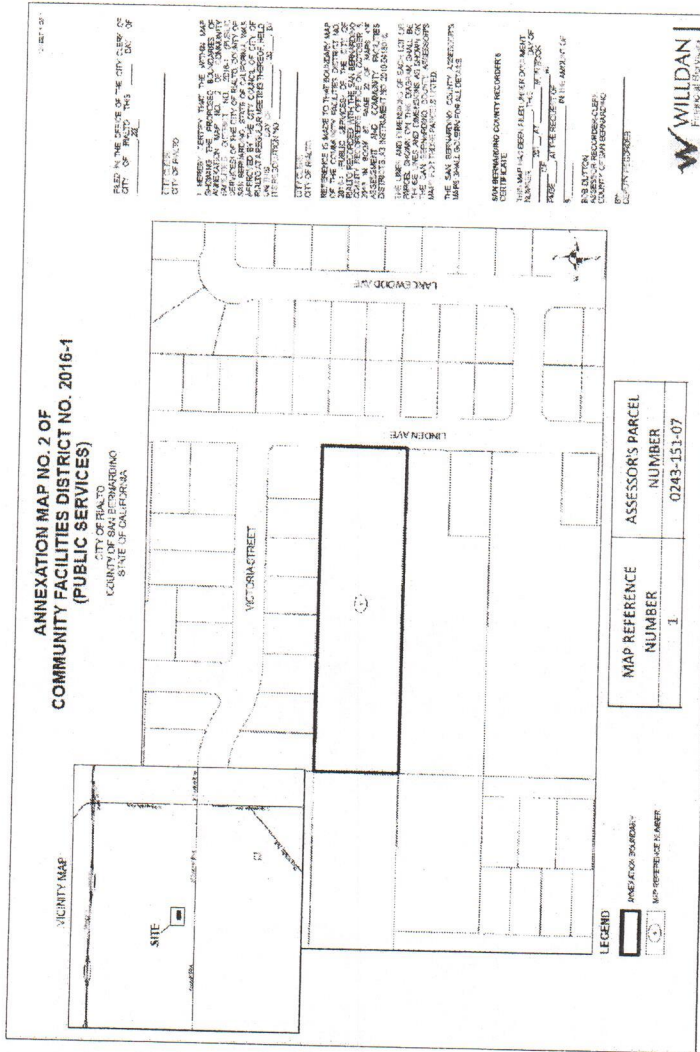


EXHIBIT C

DESCRIPTION OF SERVICES

The Petitioner requests that the proposed CFD be used to finance Petitioner's share of the costs of the following public services to be provided within the boundaries of the proposed CFD:

Police protection services, fire protection and suppression services, ambulance and paramedic services; maintenance and lighting of parks, parkways, streets, roads, and open space; flood and storm protection services including but not limited to (i) the costs of contracting or directly providing services, (ii) equipment and materials, vehicles, ambulances and paramedics, fire apparatus and supplies, (iii) the salaries and benefits of City staff that directly provide police services and fire protection and suppression services, and other services defined herein, respectively, and (iv) City overhead costs associated with providing such services within CFD No. 2016-1.

**PETITION TO ANNEX REAL PROPERTY TO
CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2016-1
(PUBLIC SERVICES) AND CONSENT AND WAIVER WITH RESPECT TO CERTAIN
RELATED MATTERS**

TO THE CITY COUNCIL
CITY OF RIALTO
150 S. Palm Avenue,
Rialto, CA 92376

Members of the City Council:

This is (i) a petition to request that the City Council of the City of Rialto (the "City Council") reinstitute proceedings to annex certain real property to City of Rialto Community Facilities District No. 2016-1 (Public Services) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, California Government Code Section 53311 and following (the "Act"), (ii) a consent to annex into the CFD and (iii) a waiver of certain time limits and requirements in connection with the proceedings and election to be held by the City Council in connection with the annexation to the CFD.

THE UNDERSIGNED (THE "PETITIONER") EXECUTES THIS PETITION, CONSENT AND WAIVER BASED ON THE UNDERSTANDING THAT THE CFD WILL LEVY A SPECIAL TAX ONLY ON REAL PROPERTY THAT IS OWNED IN FEE BY THE UNDERSIGNED, THE PROPERTY OWNER OF THE PROPOSED PROJECT.

The undersigned hereby states, consents, represents and agrees under penalty of perjury, as follows:

- I. Petitioner. This petition and, consent and waiver is submitted by the person identified below as the owner or the authorized representative(s) of the owner of the parcel(s) of land identified below to annex to the CFD so that the land is within the boundaries of the CFD. By submitting this petition, such person warrants to the City of Rialto (the "City") and the CFD that he or she is either the owner of such land or is legally authorized by the owner of such land to execute this petition and waiver. Furthermore, such person warrants that there are no registered voters residing on such land and that he or she is the owner of one hundred percent (100%) of the area of such land as of the date hereof.
- II. Consent to CFD/WAIVER of Provisions. The undersigned is requesting the City Council to institute proceeds again to annex to the CFD because the undersigned mistakenly executed its previous ballot to indicate that it was not interested in joining the CFD. The undersigned hereby understands that should it vote to be annexed into the CFD, it will be assessed a special tax on its property in accordance with the rate and method of apportionment of the special

tax shown on Exhibit A hereto and by this reference incorporated herein (the "RMA"). The undersigned hereby fully and voluntarily consents to annex to the CFD and for the City and CFD to levy such taxes on the property perpetually pursuant to the RMA. In such connection, the undersigned hereby requests and voluntarily waives the following provisions of law because of its previous mistake:

a. Section 53339.9 of the Act which requires that the City Council not take any further action on annexing territory into the CFD for a period of one year if the election result is negative. The undersigned mistakenly executed its ballot in a negative manner and hereby requests a new election and voluntarily waives Section 53339.9 of the Act.

b. The undersigned waives any other provisions of the Act and Election Code as may be necessary such that it can annex fully into the CFD on January 29, 2019 or as soon thereafter as practical, such that all actions required for the annexation, including public hearings and elections be considered on the same date without required timing periods or notice periods required by the Act. The undersigned hereby requests such actions all take place on the next practical date of the city council, being January 29, 2019 or as soon thereafter as practical. The undersigned requests that all of the following resolutions, hearings, election and actions be considered and adopted on the same date.

- Adopt a Resolution **of Intention to Annex** Territory to CFD 2016-1;
- Hold public hearing.
- Adopt a Resolution Authorizing the Annexation of Territory to CFD 2016-1;
- Adopt a Resolution Calling a CFD Special Election;
- Conduct CFD Special Election; Open and Count Ballots;
- Adopt a Resolution Certifying Special Election Results.

III. Proceedings Requested. Petitioner hereby requests that the City Council, acting as the legislative body of the CFD, undertake proceedings under the Act to annex certain property to the CFD and to levy special taxes on said real property within the CFD, as described above.

IV. Boundaries of the CFD. Petitioner asks that the territory to be included in the boundaries of the CFD consist of the boundaries which are described as the exterior boundaries of the composite and consolidated area of all parcels of property more particularly shown on a map thereof attached hereto as Exhibit B (and incorporated herein by this reference) and to be filed in the office of the County Clerk of San Bernardino County, entitled: "Annexation Map No. 2 of Community Facilities District No. 2016-1 (Public Services), City of Rialto, County of San Bernardino, State of California," which indicates by a boundary line the extent of the territory included in the proposed annexation to the CFD and which shall govern for all details as to the extent of the CFD.

- V. Purpose of the CFD. Petitioner asks that the CFD be created, the special taxes be levied to finance and to provide the public services shown in Exhibit C attached hereto and incorporated herein by this reference.
- VI. Election. Petitioner hereby requests that the City Council consolidate the special election to be held under the Act to authorize the special taxes for the CFD into a single election, and that the City and its officials conduct the election using mailed or hand-delivered ballots, and that the election be held, and such ballots be opened and canvassed and the results certified at the same meeting of the City Council as the public hearings held regarding the annexation to the CFD pursuant to the Act. In such connection, Petitioner waives all time periods, formalities and notices relating to the election, including all arguments, form of ballots or analysis required in connection with the elect.
- VII. Waivers. To expedite the completion of the proceedings for annexation to the CFD, the Petitioner hereby waives all notices of hearings required under the Act, all notices of election, applicable waiting periods under the Act and the Elections Code for the election, all ballot analysis and arguments for the election and any other requirements of the Government Code and the Elections Code.
- VIII. Indemnity. The undersigned agrees to indemnify the City and the CFD related to the actions requested and the petition, waivers and consent herein agreed to for the benefit of the CFD and the City.

This petition is dated January 23, 2019

This Petitioner is:

642 N. LINDEN, LLC

By: _____

Name: _____

Title: _____

Property Owned in Proposed Annexation to CFD
(Assessor's Parcel Number(s):
APN Nos. **0243-351-32-0000 THROUGH 0243-351-39-0000**

The address of the above owner for receiving notices is:

642 North Linden LLC
Phone: 918 South Teakwood Avenue
Bloomington, California 92316\

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within the City of Rialto Community Facilities District 2016-1 (Public Services), ("CFD 2016-1"), other than Assessor's Parcels classified as Exempt Property as defined herein, and collected each Fiscal Year commencing in Fiscal Year 2017-2018, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD 2016-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel, expressed in acres, as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the Country Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated expenses related to the administration of CFD 2016-1: the costs of determining the amount of the levy of Special Taxes, the collection of Special Taxes, including the expenses of collecting delinquencies and pursuing foreclosures or tax sale collection, the payment of a proportional share of salaries and benefits of any City employee and City overhead whose duties are directly related to the administration of CFD 2016-1, fees and expenses for counsel, audits, costs associated with responding to public inquiries regarding CFD 2016-1, and any and all other costs incurred in connection with the administration of CFD 2016-1.

"Annual Escalation Factor" means the lesser of three percent (3%) or the annual percentage increase, if any, of the U.S. Bureau of Labor Statistics – Compensation: Employment Cost Index for total compensation, for State and Local Government Workers, as determined by the Bureau of Labor Statistics for the twelve (12) months ending the preceding December 31.

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

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

"Base Year" means Fiscal Year beginning July 1, 2017 and ending June 30, 2018.

"Boundary Map" means the map of the boundaries of CFD 2016-1 recorded on October 6, 2016 in the San Bernardino County Recorder's Office in Book 87, Pages 29, of Maps of Assessments and Community Facilities Districts (instrument number 2016-0418016).

"Building Permit" means a permit issued for new construction of a residential dwelling or non-residential structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of retaining walls, grading, utility improvements, or other such improvements not intended for human habitation.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Services and providing for the levy and collection of the Special Taxes for CFD 2016-1.

"CFD 2016-1" means City of Rialto Community Facilities District 2016-1 (Public Services) established by the City Council under the Act.

"City" means the City of Rialto.

"City Council" means the Council of the city of Rialto, acting as the legislative body of CFD 2016-1.

"County" means the County of San Bernardino.

"Developed Property" means an Assessor's Parcel of Taxable Property for which a Building Permit was issued on or before **June 1** preceding the Fiscal Year for which Special Taxes are being levied.

"Exempt Property" means all Assessor's Parcels within CFD 2016-1 that are exempt from the Special Taxes pursuant to the Act or Section F herein.

"Final Map" means an Assessor's Parcel Map, a Final Subdivision Map, condominium plan, lot line adjustment, or any other map functionally considered to be an equivalent development map that has been recorded in the Office of the County Recorder.

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

"Land Use Type" means any of the land use types listed in Table 1 below.

"Lot" means property within a Final Map identified by a lot number for which a Building Permit has been issued or may be issued.

“Maximum Special Tax” means the maximum Special Tax determined in accordance with Section C, which may be levied in any Fiscal Year on an Assessor’s Parcel of Taxable Property.

“Multi-Family Residential Property” or **“MFR Property”** means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, town homes, condominiums, and apartment units.

“Property Owner Association Property” means for each Fiscal Year any property within the boundaries of CFD 2016-1 that was owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to a property owner association, including any master or sub-association, as of **June 1**.

“Proportionately” means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels within each Land Use Class.

“Public Property” means any property that is owned by, dedicated or irrevocably dedicated to a city, the federal government, the State of California, the County, or any other public agency (each, a “Public Entity”); provided, however, that any such property is leased by such a Public Entity to a private entity and is thereby subject to taxation pursuant to Section 53340.1 of the Act, such leasehold estate shall be classified and taxed according to the use thereof.

“Residential Property” means all Assessor’s Parcels of Developed Property within CFD 2016-1 for which a Building Permit has been issued for purposes of constructing one or more Residential Unit(s).

“Residential Unit” means any residence in which a person or persons may live, which is not considered to be used for non-residential purposes.

“Services” means those authorized services that may be funded by CFD 2016-1 pursuant to the Act, as amended including but not limited to: police protection services; fire protection and suppression services, and ambulance and paramedic services; maintenance and lighting of parks, parkways, streets, roads, and open space; and flood and storm protection services.

“Single-Family Detached Residential Unit” or **“SFR Property”** means all Assessor’s Parcels of Residential Property consisting of a single Dwelling Unit.

“Special Tax” means the special tax authorized to be levied within CFD 2016-1 pursuant to the Act, to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount, as determined by the CFD Administrator, for any Fiscal Year to: (i) pay the costs of providing the Services during such Fiscal Year, (ii) pay Administrative Expenses associated with the Special Tax, (iii)

establish or replenish any operational reserve fund established for Services, (iv) pay incidental expenses related to the Services as authorized pursuant to the Act, (v) fund an amount equal to a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which the Special Tax will be levied ("Estimated Special Tax Delinquency Amount") and (vi) fund the shortfall, if any, in the Special Tax revenues collected in the preceding Fiscal Year necessary to fund the Special Tax Requirement for Services for such Fiscal Year where such shortfall resulted from delinquencies in the payment of Special Taxes in such Fiscal Year that exceeded the Estimated Special Tax Delinquency Amount included in the Special Tax Requirement for Services for such Fiscal Year.

"Taxable Property" means all Assessor's Parcels that are not exempt from the Special Tax pursuant to the Act or Section H.

"Undeveloped Property" means an Assessor's Parcel of Taxable Property for which a Building Permit has not been issued on or before June 1 preceding the Fiscal Year for which Special Taxes are being levied.

B. CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2017-2018, using the definitions above, each Assessor's Parcel within the CFD 2016-1 shall be classified by the CFD Administrator as Taxable Property or Exempt Property. In addition, each such Fiscal Year, each Assessor's Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property or Undeveloped Property. Developed Property shall be further classified as Single-Family Residential Property or Multi-Family Residential Property. Commencing with Fiscal Year 2017-2018 and for each subsequent Fiscal Year, all Taxable Property shall be subject to the levy of Special Taxes pursuant to Section C below.

C. MAXIMUM ANNUAL SPECIAL TAXES

1. Developed Property

Each Fiscal Year commencing in Fiscal Year 2017-2018, each Assessor's Parcel of Developed Property shall be subject to the Special Tax. The Maximum Special Tax for Developed Property for Fiscal Year 2017-2018 is shown below in Table 1.

Table 1
Developed Property
Maximum Special Tax Rates

Land Use Type	Maximum Special Tax Base Year (2017/18)
Residential	
SFR Property	\$288 per Residential Unit
MFR Property	\$216 per Residential Unit

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax rate shall be increased from the Maximum Special Tax rate in effect for the prior Fiscal Year by the Annual Escalation Factor.

2. Undeveloped Property

Each Fiscal Year commencing in Fiscal Year 2017-2018, each Assessor's Parcel classified as Undeveloped Property shall be exempt from the levy of the Special Tax.

3. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section F.

For each Fiscal Year, if the use or ownership of an Assessor's Parcel or Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in Section F, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing in Fiscal Year 2017-2018 and for each subsequent Fiscal Year, the CFD Administrator shall levy the Special Tax on all Taxable Property of CFD 2016-1 until the total amount of Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within CFD 2016-1 up to 100% of the Maximum Special Tax to satisfy the Special Tax Requirement.

Notwithstanding any provision of this Section D to the contrary, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property that is classified as Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel.

E. PREPAYMENT OF SPECIAL TAX

The Special Tax shall be levied in perpetuity for the purpose of financing ongoing authorized services and therefore may not be prepaid.

F. EXEMPTIONS

The City Council shall classify as Exempt Property: (i) Public Property, (ii) Property Owner Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, including but not limited to property designated for open space, trails, pathways, parks or park and recreation related facilities, (iv) property reasonably designated by the City

or CFD Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors.

G. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax A that is disputed. The CFD Administrator 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, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) to compensate for the overpayment of the Special Tax.

H. MANNER OF COLLECTION

The annual Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special Taxes may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD 2016-1.

BOUNDARY MAP

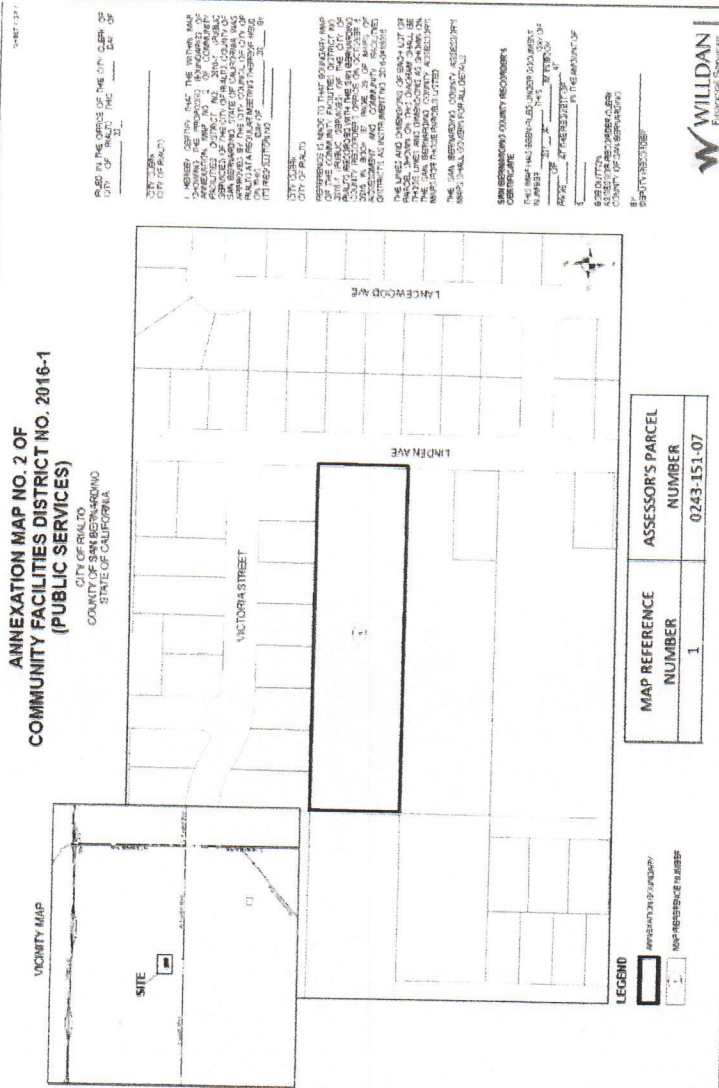


EXHIBIT C

DESCRIPTION OF SERVICES

The Petitioner requests that the proposed CFD be used to finance Petitioner's share of the costs of the following public services to be provided within the boundaries of the proposed CFD:

Police protection services, fire protection and suppression services, ambulance and paramedic services; maintenance and lighting of parks, parkways, streets, roads, and open space; flood and storm protection services including but not limited to (i) the costs of contracting or directly providing services, (ii) equipment and materials, vehicles, ambulances and paramedics, fire apparatus and supplies, (iii) the salaries and benefits of City staff that directly provide police services and fire protection and suppression services, and other services defined herein, respectively, and (iv) City overhead costs associated with providing such services within CFD No. 2016-1.