

**RESOLUTION NO. \_\_\_\_\_**

***A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO DETERMINING THE VALIDITY OF PRIOR PROCEEDINGS, ESTABLISHING CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2019-2 (FOOTHILL/SPRUCE); AUTHORIZING THE LEVY OF A SERVICES SPECIAL TAX AND A FACILITIES SPECIAL TAX; ESTABLISHING AN APPROPRIATIONS LIMIT; APPROVING A FUNDING AGREEMENT, AND TAKING CERTAIN OTHER ACTIONS RELATING TO SAID DISTRICT***

**WHEREAS**, the City Council (the “Council”) of the City of Rialto, California (the “City”), on October 22, 2019, has heretofore adopted its resolution of intention (the “Resolution of Intention”) stating its intention to form City of Rialto Community Facilities District No. 2019-2 (Foothill/Spruce) (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the “Act”) being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California; and

**WHEREAS**, a copy of the Resolution of Intention, incorporating a description and map of the proposed boundaries of the District, and setting forth the rate and method of apportionment and manner of collection of the Services Special Tax and the Facilities Special Tax, as defined therein (“Special Taxes”), to be levied within the proposed District is on file with the City Clerk and incorporated herein by reference; and

**WHEREAS**, a report by each City officer who is or will be responsible for the District (the “Report”), has been filed with the Council pursuant to the Resolution of Intention; and

**WHEREAS**, the Resolution of Intention set December 10, 2019 as the date of the public hearing on the formation of the District, and this Council held said public hearing as required by law; and

**WHEREAS**, at said hearing all persons not exempt from the Special Taxes desiring to be heard on all matters pertaining to the formation of the District were heard and a full and fair hearing was held; and

**WHEREAS**, at said hearing evidence was presented to the Council on said matters before it, and this Council at the conclusion of said hearing is fully advised in the premises;

**WHEREAS**, the owner of the property within the District has requested that a Funding Agreement (the “Funding Agreement”) be entered into with the City (for the District) as

a means for the Developer to recover costs or fees advanced for fees related to the payment of public improvements; and

**WHEREAS**, it is in the best interests of the City and the residents of the City that the Funding Agreement be approved and entered into as set forth herein below;

**NOW, THEREFORE**, THE CITY COUNCIL OF THE CITY OF RIALTO DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

**Section 1.** That the above recitals are all true and correct.

**Section 2.** Pursuant to Section 53325.1(b) of the Government Code, the Council finds and determines that the proceedings prior hereto were valid and in conformity with the requirements of the Act including, without limitation, the following:

Filing of a petition of a landowner requesting institution of proceedings to establish the District;

Adoption of a Resolution of Intention to establish the District;

Adoption of a Resolution of Intention to Incur Bonded Indebtedness in an amount not to exceed \$7,000,000 within the District;

Publication and mailing of notice of public hearing on the establishment of the District and of the proposed debt issue;

Conducting of a public hearing on the establishment of the District, the proposed public facilities and services and the incurring of the proposed debt, at which time all interested persons or taxpayers not exempt from the Special Taxes were permitted to protest orally or in writing against the establishment of the District, were permitted to file written protests to the regularity or sufficiency of the proceedings, and any person interested, including persons owning property within the District, were permitted to appear and present any matters material to the questions set forth in the Resolution of Intention to Incur Bonded Indebtedness.

**Section 3.** The Report, as now submitted is hereby approved and is made a part of the record of the hearing, and is ordered kept on file with the transcript of these proceedings and open for public inspection.

**Section 4.** A community facilities district to be designated "City of Rialto Community Facilities District No. 2019-2 (Foothill/Spruce)" ("the District") is hereby established pursuant to the Act.

**Section 5.** The description and map of the boundaries of the District on file in the City Clerk's office and as described in said Resolution of Intention and incorporated herein by reference, shall be the boundaries of the District. The map of the proposed boundaries of the District has been recorded in the Office of the County Recorder of San Bernardino County, California as Instrument No. 2019-0399925 in Book 89, Page 5 of the Book of Maps of Assessment and Community Facilities Districts.

**Section 6.** The type of public facilities (“Facilities”) authorized to be provided within the District include certain real and other tangible property with an estimated useful life of five years or longer, including public infrastructure facilities, and other governmental facilities which the City is authorized by law to construct, own or operate, within or without the District, which is necessary to meet increased demands placed upon the City as result of development or rehabilitation occurring within the District. The Facilities are more fully described in Exhibit “B” attached hereto and by this reference incorporated herein. The type of services (“Services”) authorized to be provided within the District are additional services under the Act, are as a result of the increased demand of the development within the District, and are described more fully in Exhibit “C” attached hereto and by this reference incorporated herein.

**Section 7.** Except where funds are otherwise available, there shall be levied annually in accordance with procedures contained in the Act a Facilities Special Tax and a Services Special Tax within the District, secured by recordation of a continuing lien against all nonexempt real property in the District, sufficient to pay for: (i) the Facilities, Services and Incidental Expenses; and (ii) the principal and interest and other periodic costs on bonds or other indebtedness issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the District, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash). The rate and method of apportionment and manner of collection of the Special Taxes within the District is described in detail in Exhibit “A” attached hereto and incorporated herein by this reference. Exhibit “A” allows each landowner within the District to estimate the maximum amount that may be levied against each parcel.

**Section 8.** If Facilities Special Taxes of the District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased over time except that it may be increased by an amount not to exceed two percent (2%) per year to the extent permitted in the rate and method of apportionment; (ii) such tax shall be levied for a period not to exceed forty (45) years commencing with Fiscal Year 2020-21, as further described in Exhibit “A” hereto; and (iii) under no circumstances will such special tax be increased more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcels within the District by more than ten percent. The Services Special Tax is levied perpetually and is not subject to the limitations in the prior sentence.

**Section 9.** The Special Taxes within the District are based on the expected demand that each parcel of real property within the District will place on the Facilities and Services and on the benefit that each parcel derives from the right to access the Facilities and on other factors. The Council hereby determines the rate and method of apportionment of the special tax set forth in Exhibit “A” to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special tax is not based upon the value or ownership of real property. In the event that a portion of the property within the Community Facilities District No. 2019-2 shall become for any reason exempt, wholly or partially, from the levy of the special tax specified on Exhibit “A”, the Council shall, on behalf the District, cause the levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibit “A,” to the extent necessary upon the remaining property within the District which is not delinquent or exempt in order to yield the special tax

revenues required for the purposes described herein. The obligation to pay the Facilities Special Taxes may be prepaid as set forth in Exhibit "A."

**Section 10.** Pursuant to and in compliance with the provisions of Government Code Section 50075.1, the City Council hereby establishes the following accountability measures pertaining to the levy by the District of the Special Tax described in Section 7 above:

A. Such Special Taxes shall be levied for the specific purposes set forth in Section 6 hereof.

B. The proceeds of the levy of such Special Taxes shall be applied only to the specific purposes set forth in Section 6 hereof.

C. The District shall establish an account or accounts into which the proceeds of such Special Taxes shall be deposited.

D. The City Administrator, or his or her designee, acting for and on behalf of the District, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3.

**Section 11.** Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all nonexempt real property in the District, and this lien shall continue in force and effect until the special tax obligation is prepaid or otherwise permanently satisfied and the lien cancelled in accordance with law or until collection of the tax by the District ceases.

**Section 12.** The Council finds that the Facilities and Services are necessary to meet the increased demand put upon the City as a result of the development within the District.

**Section 13.** The Council finds that there is not an *ad valorem* property tax currently being levied on property within the proposed District for the exclusive purpose of paying principal of or interest on bonds or other indebtedness incurred to finance construction of capital facilities which provide the same services to the territory of the District as provided by the Facilities.

**Section 14.** An appropriation limit for the District is hereby established as an amount equal to \$7,000,000 for the Facilities Special Tax and \$100,000 (adjusted up by three percent (3%) annually) for the Services Special Tax, as adjusted for changes in the cost of living and changes in population.

**Section 15.** Written protests against the establishment of the District, or against the furnishing of specified services or facilities or the levying of a specified Special Taxes and bonds within the District, have not been filed by fifty percent (50%) or more of the registered voters or property owners of one-half (1/2) or more of the area of land within the District.

**Section 16.** The proposed Special Taxes to be levied in the District to pay for all the proposed Facilities and Services has not been precluded by protests by owners of one-half

or more of the land in the territory included in the District pursuant to Government Code Section 53324.

**Section 17.** The Office of the City Administrator, 150 S. Palm Avenue, Rialto, CA 92376, or its designee, is designated to be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and for estimating future special tax levies pursuant to Section 53340.1 of the Government Code.

**Section 18.** That the form of Funding Agreement presented at this meeting and on file with the City Clerk be and is hereby approved with changes as may be acceptable to the City Administrator, said City Administrator's or Mayor's execution thereof to be conclusive evidence of acceptance of such changes. That the Mayor or the City Administrator is authorized to execute the Funding Agreement on behalf of the District.

**Section 19.** The City Clerk is directed to certify and attest to this Resolution and to take any and all necessary acts to call, hold, canvass and certify an election or elections on the incurring of bonded indebtedness, the levy of the Special Taxes, and the establishment of the appropriation limit.

**WHEREFORE,** this Resolution is passed, approved and adopted this \_\_\_\_ day of \_\_\_\_, 2019.

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DEBORAH ROBERTSON, Mayor

**ATTEST:**

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BARBARA McGEE, City Clerk

**APPROVED AS TO FORM**

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FRED GALANTE, City Attorney

**STATE OF CALIFORNIA** )  
**COUNTY OF SAN BERNARDINO** ) ss  
**CITY OF RIALTO** )

I, Barbara McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing Resolution No.\_\_\_\_\_ was duly passed and adopted at a regular meeting of the City Council of the City of Rialto held on the \_\_\_\_ day of \_\_\_\_\_, 2019.

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

Vote on the motion:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of the City  
of Rialto this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

BARBARA A. McGEE, City Clerk

MAYOR OF THE CITY OF RIALTO

Attest:

City Clerk

By STATE OF CALIFORNIA )  
COUNTY OF SAN BERNARDINO ) §  
CITY OF RIALTO )

EXHIBIT A

**CITY OF RIALTO  
COMMUNITY FACILITIES DISTRICT NO. 2019-2  
(FOOTHILL/SPRUCE)**

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

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**CITY OF RIALTO  
COMMUNITY FACILITIES DISTRICT NO. 2019-2  
(FOOTHILL/SPRUCE)**

A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries of the City of Rialto Community Facilities District No. 2019-2 (Foothill/Spruce) (“CFD No. 2019-2”) and collected each Fiscal Year commencing in Fiscal Year 2020-2021, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2019-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**1. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. The Acreage applicable to a Residential Unit within a condominium plan shall be reasonably determined by the CFD Administrator based upon an allocation of the underlying land area. An Acre means 43,560 square feet of land.

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

“**Administrative Expenses**” means the actual or reasonably estimated costs related to the administration of CFD No. 2019-2 including, but not limited to: the costs of preparing and computing the Special Taxes (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2019-2, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2019-2, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2019-2, 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. 2019-2, or any designee thereof related to an appeal of the Special Taxes; and the City’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-2 for any other administrative purposes of CFD No. 2019-2, including attorney’s fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

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



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

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

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

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

**“Attached Residential Property”** means Residential Property that shares at least one common wall with one or more other Residential Units of Residential Property.

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

**“Base Year”** means Fiscal Year beginning July 1, 2020 and ending June 30, 2021.

**“Bonds”** means any bonds or other Debt of CFD No. 2019-2, whether in one or more series, secured by the levy of Special Taxes.

**“Boundary Map”** means the map of the boundaries of CFD No. 2019-2 recorded in the San Bernardino County Recorder’s Office.

**“Building Permit”** means a building permit for construction of a Residential Unit within CFD No. 2019-2 issued by the City.

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

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

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

**“CFD No. 2019-2”** means the City of Rialto Community Facilities District No. 2019-2 (Foothill/Spruce).

**“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.

**“Council”** means the City Council of the City acting as the legislative body of CFD No. 2019-2 under the Act.

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

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

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

**“Detached Residential Property”** means Residential Property that is not classified as Attached Residential Property.

**“Developed Property”** means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1<sup>st</sup> of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Undeveloped Property, provided that the levy of the Special Tax A for such Assessor’s Parcel after such reclassification does not cause the total Special Tax A authorized to be collected within CFD No. 2019-2 to be less than 1.1 times the annual Debt Service plus Administrative Expenses on all Outstanding Bonds for any future Fiscal Year. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which the Building Permit has been cancelled and/or voided shall be reclassified as Undeveloped Property.

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

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

**“Fiscal Year”** means the period starting on July 1 and ending the following June 30.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, 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(s)”** means an individual legal lot or unit created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax A”** means for each Assessor’s Parcel, the maximum Special Tax A, 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.

**“Maximum Special Tax B”** means for each Assessor’s Parcel, the maximum Special Tax B, 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.

**“Non-Residential Property”** means all Assessor’s Parcels for which a building permit has been 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.

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

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

**“Property Owner Association Property”** means any Assessor’s Parcel within the boundaries of CFD No. 2019-2 owned in fee by a property owner association, including any master or sub-association.

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

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

**“Public Property”** means any property within the boundaries of CFD No. 2019-2, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

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

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

**“Special Tax”** means any special tax authorized to be levied within CFD No. 2019-2 pursuant to the Act and this Rate and Method of Apportionment of Special Tax.

**“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 life of CFD No. 2019-2.

**“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; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Undeveloped Property or Provisional Property, until the date that all Bonds have been issued;

and (vi) pay for reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the Special Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

**“Special Tax Requirement for Services”** means that amount required in any Fiscal Year to: (i) pay directly for services in the Calendar Year commencing in such Fiscal Year; (ii) pay a proportionate share of Administrative Expenses; (iii) pay for reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax B levied in the previous Fiscal Year; less (iv) a credit for funds available to reduce the Special Tax B levy, as determined by the CFD Administrator.

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

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2019-2, which are not exempt from the levy of the Special Taxes pursuant to law or Section 8 below.

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

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

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2020-21, each Assessor’s Parcel within CFD No. 2019-2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed 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 of Apportionment of Special Tax determined pursuant to Sections 3 and 4 below. Furthermore, each Assessor’s Parcel of Developed Property shall be classified according to its applicable Land Use Class based on Land Use Type and Building Square Footage.

## **3. SPECIAL TAX RATES**

### **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 2020-2021**

<b>Land Use Class</b>	<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax A</b>	<b>Maximum Special Tax B</b>
1	Attached Residential Property	≤ 1,100	\$1,291 per Residential Unit	\$300 per Residential Unit
2	Attached Residential Property	1,101 – 1,250	\$1,364 per Residential Unit	\$300 per Residential Unit
3	Attached Residential Property	1,251 – 1,400	\$1,431 per Residential Unit	\$300 per Residential Unit
4	Attached Residential Property	1,401 – 1,550	\$1,524 per Residential Unit	\$300 per Residential Unit
5	Attached Residential Property	> 1,550	\$1,545 per Residential Unit	\$300 per Residential Unit
6	Detached Residential Property	≤ 1,500	\$1,274 per Residential Unit	\$300 per Residential Unit
7	Detached Residential Property	1,501 – 1,650	\$1,345 per Residential Unit	\$300 per Residential Unit
8	Detached Residential Property	1,651 – 1,800	\$1,394 per Residential Unit	\$300 per Residential Unit
9	Detached Residential Property	1,801 – 1,950	\$1,442 per Residential Unit	\$300 per Residential Unit
10	Detached Residential Property	1,951 – 2,100	\$1,513 per Residential Unit	\$300 per Residential Unit
11	Detached Residential Property	2,101 – 2,250	\$1,609 per Residential Unit	\$300 per Residential Unit
12	Detached Residential Property	2,251 – 2,400	\$1,646 per Residential Unit	\$300 per Residential Unit
13	Detached Residential Property	> 2,400	\$1,708 per Residential Unit	\$300 per Residential Unit

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A rates 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 the percent change in the Consumer Price Index or three percent (3%).

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

The Base Year Backup Special Tax A for Developed Property shall be the greater of (i) \$1,619 per Residential Unit or (ii) \$28,120 per Acre. For each Fiscal Year following the Base Year, the Backup Special Tax A shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

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

The Maximum Special Tax A for Developed Property shall be the greater of the Assigned Special Tax A for Developed Property or the Backup Special Tax A for Developed Property.

**D. Maximum Special Tax A for Provisional Property and Undeveloped Property**

The Base Year Maximum Special Tax A for Provisional Property and Undeveloped Property shall be \$28,120 per Acre. For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax A for Provisional Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

**4. METHOD OF APPORTIONMENT**

**A. Special Tax A**

For each Fiscal Year, commencing Fiscal Year 2020-21, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax A shall be levied Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Assigned Special Tax A to satisfy the Special Tax Requirement for Facilities<sup>1</sup>;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax A for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, then the Special Tax A amount determined in Step 1 shall be increased Proportionately on all Assessor's Parcels of Developed Property up to 100% of the Maximum Special Tax A for Developed Property; and

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 shall be levied Proportionately on all Assessor's Parcels of Provisional Property up to 100% of the Maximum Special Tax A for Provisional Property.

In the event Building Permits have been issued prior to May 1<sup>st</sup> of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel causing such Assessor's Parcel to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, then the amount of the Special Tax A levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped

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<sup>1</sup> It is recommended that the Special Tax Requirement for Facilities be at least 100% of the sum of Assigned Special Tax A on Developed Property in each year prior to the issuance of all Bonds. During this period, funds not used for other purposes may be used to pay directly for the acquisition or construction of facilities.

Property; (2) the amount of the Special Tax A and levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Assigned Special Tax A for Developed Property, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to (A) the percentage of the Maximum Special Tax A rate levied on all other Undeveloped Property pursuant to Step 2 above multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2).

Notwithstanding the above, under no circumstances will the Special Tax A levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax A applicable to any other Assessor's Parcel within CFD No. 2019-2 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

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

For each Fiscal Year, commencing Fiscal Year 2020-21, the CFD Administrator shall levy the Special Tax B Proportionately on all Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax Requirement for Services.

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

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

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

### **A. Prepayment in Full**

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

**"CFD Public Facilities Costs"** means \$3,800,000 or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the facilities to be financed under the Act and financing program for CFD No. 2019-2, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds).

**"Construction Fund"** means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the facilities or pay fees authorized to be funded by CFD No. 2019-2.

**"Future Facilities Costs"** means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii)

monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other designated fund of CFD No. 2019-2 that are expected to be available to finance CFD Public Facilities Costs.

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

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

The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property or Undeveloped Property that has been included in a Final Map may be prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein, 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. An owner of an Assessor’s Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for Outstanding Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

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

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

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

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel as though all Assessor’s Parcels of Taxable Property within CFD No. 2019-2 have been built out. For an Assessor’s Parcel of Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based upon



the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owners' Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.

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.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor's Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax A prepayments.
9. Determine the Special Tax A amount levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
15. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit and the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2019-2.

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

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

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

The Special Tax B may not be prepaid.

## **B. Partial Prepayment**

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

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

These terms have the following meaning:

PP = the partial prepayment

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

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

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

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

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 6.A., and (ii) indicate in the records of CFD No. 2019-2 that there has been a partial prepayment of the Special Tax A Obligation and that a portion of the Special Tax A with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel.

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

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

The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for Facilities for a period not to exceed forty-five (45) Fiscal Years commencing with Fiscal Year 2020-2021, provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on Outstanding Bonds have been paid.

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 sum of all Taxable Property in CFD No. 2019-2 to less than 10.1 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2019-2 to less than 10.1 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2019-2 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 Taxes and claims the amount of the Special Taxes 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 of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Taxes and any landowner appeals. The decision of the Council or designee shall be final.

**EXHIBIT “B”****TYPES OF FEES AND FACILITIES TO BE FINANCED BY  
CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2019-2  
(FOOTHILL/SPRUCE)**

The General Description of the Fees and related Facilities authorized to be financed with the Facilities Special Taxes and bonds of the District are: City development impact fees, including but not limited to, fees for general facilities, law enforcement, fire protection, park development, open space, library facilities, transportation facilities, fair share traffic signal contribution, street medians, storm drain facilities, water facilities, water and landscape meters, fire line services, sewage collection and sewage treatment.

The Facilities financed by such fees are included in the fee programs and capital improvement programs and plans of the City. The facilities include but are not limited to the following:

**Parks and Recreation:** Acquisition, design, construction and rehabilitation of Parks and Recreation facilities, including but not limited to turf, landscaping, buildings, structures and other amenities and the purchase of equipment for parks and recreation purposes.

**Regional Traffic Network:** Costs of designing, upgrading and improving the regional traffic network, including but not limited to constructing, improving, rehabilitating, widening streets, thoroughfares, bridges, and intersections. Other improvements include widening of arterials, intersections, installation of traffic signals, grade crossings, and freeway intersections. Improvements may include right of way and/or property acquisition.

**Local Traffic Network:** Costs of designing, upgrading and/or improving the local traffic network, including right of way or property acquisition. Design and construction of public facilities like streets, traffic lanes, traffic control devices, bike lanes and other traffic improvements.

**Street Medians:** Cost of designing, upgrading and improving street medians and related improvements, including monuments on major arterials and streets. Design, upgrade, enhancement and/or construction of raised medians and related improvements on major thoroughfares and regional roadways, including but not limited to landscaping, special markers, entrance signs, monument signs and other related improvements.

**Municipal Facilities:** Cost of providing general municipal facilities and services, including acquisition of property for municipal facilities, design and construction of buildings for municipal services and master plans, purchasing vehicles and equipment for municipal services.

**Library Facilities:** Cost of constructing and improving library facilities, including acquisition of property, design, construction and/or rehabilitation of buildings for library services and master plans, furnishing of buildings and facilities for library services, purchase of books, equipment, and vehicles for library services.

**Law Enforcement:** Cost of providing law enforcement, including the design, construction, rehabilitation and/or acquisition of property and buildings for law enforcement facilities and services, furnishing of buildings for law enforcement services, purchasing of equipment and services for law enforcement services.

**Fire Protection:** Cost of providing fire protection facilities, including design, construction, rehabilitation, acquisition, furnishing and equipping of property and buildings for fire protection and ambulance and/or related services, Purchasing of equipment and vehicles for fire protection.

**Open Space:** Acquisition, design, construction, installation of open space and infrastructure for such open space, including preparation, development, studies to designate space for habitat preservation for endangered species or other requests of the council. Design, construction and acquisition of improvements and buildings for open space and/or access thereto and preservation of open space areas. Facilities and endowments for ongoing biological or cultural monitoring or programs necessary to maintain the viability of habitat conservation areas.

**Sewers:** Costs of constructing, designing, rehabilitating and improving sewer collection facilities, and right of ways, including acquisition, construction, improving of property and/or buildings, facilities, infrastructure and pipelines, pump stations, for sewer collection services and master plans, furnishing of sewer stations, lift stations, pumps or facilities for sewer collection services. Purchasing of vehicles and equipment for sewer collection services.

**Sewage Treatment:** Costs of constructing, designing, rehabilitating and improving and furnishing sewer treatment facilities and master plans, including acquisition of property for sewage treatment facilities and right of way, design and construction of buildings and infrastructure for sewer treatment services, purchase of equipment and vehicles for sewer treatment services.

**Water Facilities- Domestic and recycled water:** costs, including constructing, designing, rehabilitating and improving and furnishing water treatment facilities and domestic water facilities, and master plans. Acquisition of property for water treatment and other facilities and right of way, design and construction of buildings, infrastructure, pipelines for water services (including treatment, production, purification, holding and distribution), purchase of equipment and vehicles for water services. Costs include costs of providing production, storage, and distribution facilities.

**Storm Drain Facilities:** Costs of providing storm water flow and retention facilities. Acquisition, design, construction, rehabilitation of property, buildings and infrastructure for storm drain services, including special studies, retention studies, drainage and other storm flow facilities, retention and detention basins, treatment facilities and pipelines.

Fair Share Facilities: Certain facilities required by the council pursuant to a project approval or capital improvement plan, including but not limited to all of the above mentioned type of facilities.

OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriter's discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, special tax consultant fees and expenses, dissemination agent fees and all other incidental expenses.
2. Administrative fees of the City, the CFD and the Bond trustee or fiscal agent related to the District and the Bonds.
3. Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of 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.
4. Litigation expenses, extraordinary costs or other costs of the District.

**EXHIBIT “C”**

**TYPES OF SERVICES ELIGIBLE TO BE FINANCED BY  
CITY OF RIALTO COMMUNITY FACILITIES DISTRICT NO. 2019-2  
(FOOTHILL/SPRUCE)**

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

Police protection services, fire protection and suppression services, ambulance and paramedic services; maintenance and lighting of parks, parkways, streets, roads and open space; maintenance of recreational and community facilities (if received registered voter approval) and flood and storm protection services, including maintenance of storm drains, maintenance and operation of any real property or other tangible property with an estimated useful life of five years or more that is owned by the City.

The services include operational and maintenance costs associated with providing such services.