



MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

PUBLIC HEARING REPORT

COMMUNITY FACILITIES DISTRICT 2015-1 (STERLING WEST HILLS)

SEPTEMBER 2015
PUBLIC REVIEW REPORT

PREPARED FOR:

**BOARD OF DIRECTORS
MOUNTAINS RECREATION AND CONSERVATION AUTHORITY**

PREPARED BY:

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INTRODUCTION

The Mountains Recreation and Conservation Authority (“District”) is proposing formation of Community Facilities District 2015-1 (Sterling West Hills) (“CFD”) and the levy of an annual special tax for all future residential development within the planned development known as Sterling West Hills, to be located in the Simi Hills southeast of MRCA-owned Sage Ranch Park and by the southwest corner of the Chatsworth Reservoir Nature Preserve, in order to provide funding for services.

On September 2, 2015, the Board of Directors (“Board”) of the District approved a resolution declaring its intent to establish a CFD in connection with the Sterling West Hills development; authorize the levy of the special tax therein; and schedule a public hearing on the matter for October 7, 2015. This CFD Public Hearing Report (“Report”) was prepared pursuant to California Government Code § 53321.5. The purpose of this Report is to provide the following information at the public hearing:

- Describe the services to be financed by the CFD.
- Provide an estimate of the fair and reasonable cost of the services and incidental expenses for the CFD.

Additionally, the Report details the determination of the allocation of annual costs and special tax on residential land use in the Sterling West Hills development.

Four important exhibits are attached to this Report. Exhibit A shows the boundaries of the Sterling West Hills development and the proposed boundaries of the CFD. Exhibit B is the description of landowner properties included in the initial formation of the proposed CFD. Exhibit C describes the services to be funded by the proposed CFD. Exhibit D outlines the rate and method of apportionment of the proposed special tax.

LAND USE PLAN SUMMARY

The Sterling West Hills development provides for the development of 143 residential units. As shown below, the Sterling West Hills development includes one taxable land use category.

FIGURE 1 – LAND USE PLAN

Land Use Type	Acres	Dwelling Units
Residential	157.2	143.0

Source: Centex Homes

The boundaries of the Sterling West Hills development and the proposed CFD are attached as Exhibit A. The initial formation of the CFD includes 19 vacant parcels.

DESCRIPTION OF SERVICES

The types of services to be financed by the CFD ("Services") shall include maintenance of open space, wildlife corridors, natural habitats, waters, basins, roads, landscaping, and related facilities to be financed and owned or managed by the Mountains Recreation and Conservation Authority ("MRCA"), which maintenance may include, but not be limited to, basin and drainage maintenance, slope maintenance, tree and ground cover maintenance, walkway and trail maintenance, weed control, irrigation system maintenance, trash and debris removal, pest control, plant replacement, plant inspection and monitoring, fire / fuel modification compliance, erosion control, wall and monument maintenance, bridge maintenance, trailhead and parking lot maintenance, water trough, signage, water and electricity costs, all related repair / replacement costs, and all appurtenant costs related thereto; any incidental expenses authorized by the Act and any other miscellaneous or incidental services identified by the MRCA necessary to provide the described Services herein.

As shown in Figures 2 and 3 on the following page, the total Tax A and Tax B annual costs for the Services required to meet the needs of the CFD are estimated to be \$301,003.

The list of authorized Services to be financed by the CFD are further detailed in Exhibit C.

FIGURE 2 – ESTIMATE OF ANNUAL SPECIAL TAX A SERVICES COSTS

Cost Component	Maximum Annual Cost
Insurance	\$2,500
Electricity	\$934
Water	\$7,415
Landscaping	
Entry	\$2,010
Trailhead	\$6,708
Basin	\$29,337
Fuel Modification	\$29,390
Natural Area	\$6,486
Landscape Supplies and Replacement	\$500
Irrigation Repair	\$2,500
Backflow Testing	\$300
Trail Maintenance	\$1,000
Tree Maintenance	\$500
Road Maintenance	\$250
Pest control	\$960
Litter removal - Open Space Maintenance	\$15,000
Reserve Collection	\$63,318
Administration	\$26,360
Contingency	\$5,864
Total Maximum Annual Cost	\$201,332

Source: Centex Homes, Mountains Recreation and Conservation Authority, SCI Consulting Group

FIGURE 3 – ESTIMATE OF ANNUAL SPECIAL TAX B SERVICES COSTS

Cost Component	Maximum Annual Cost
Water	\$84,062
Landscaping	\$12,706
Contingency (3%)	\$2,903
Total Maximum Annual Cost	\$99,671

Source: Centex Homes, Mountains Recreation and Conservation Authority, SCI Consulting Group

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The special taxes within the CFD will be levied according to the formulas and provisions of the Rate and Method of Apportionment of Special Tax (the "RMA") which is attached as Exhibit D. Special taxes will be collected annually for each residential dwelling unit within the CFD.

In order to determine the annual maximum special taxes, the annual maximum costs are allocated to residential land use based on the number dwelling units. Figure 4 on the following page details the allocation of annual Special Tax A services costs. Figure 5 on the following page details the allocation of annual Special Tax B services costs.

FIGURE 4 – DETERMINATION OF RATE AND METHOD OF APPORTIONMENT SPECIAL TAX A

<u>Special Tax A Cost Component</u>	<u>Maximum Annual Cost</u>
Insurance	\$2,500
Electricity	\$934
Water	\$7,415
Landscaping	
Entry	\$2,010
Trailhead	\$6,708
Basin	\$29,337
Fuel Modification	\$29,390
Natural Area	\$6,486
Landscape Supplies and Replacement	\$500
Irrigation Repair	\$2,500
Backflow Testing	\$300
Trail Maintenance	\$1,000
Tree Maintenance	\$500
Road Maintenance	\$250
Pest control	\$960
Litter removal - Open Space Maintenance	\$15,000
Reserve Collection	\$63,318
Administration	\$26,360
Contingency	\$5,864
Total Annual Cost of Special Tax A Services	\$201,331
Total Number of Taxable Parcels	143
Maximum Annual Special Tax A Levy per Parcel	\$1,408

FIGURE 5 – DETERMINATION OF RATE AND METHOD OF APPORTIONMENT SPECIAL TAX B

<u>Special Tax B Cost Component</u>	<u>Maximum Annual Cost</u>
Water	\$84,062
Landscaping	\$12,706
Contingency (3%)	\$2,903
Total Annual Cost of Special Tax B Services	\$99,671
Total Number of Taxable Parcels	143
Maximum Annual Special Tax B Levy per Parcel	\$697

Figures 4 and 5 on the previous page shows the allocation of the total maximum annual cost to developed or undeveloped property within the proposed CFD. The maximum special taxes are \$1,408 per parcel for Special Tax A Services and \$697 per parcel for Special Tax B Services.

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the District shall levy the Special Tax A on all taxable property until the amount of Special Tax A equals the Special Tax A requirement in accordance with the following steps:

First: The Special Tax A shall be levied proportionately on each parcel of developed property at up to 100% of the applicable Maximum Special Tax A as needed to satisfy the Special Tax A requirement;

Second: If additional moneys are needed to satisfy the Special Tax A requirement after the first step has been completed, the Special Tax A shall be levied proportionately on each parcel of undeveloped property at up to 100% of the Maximum Special Tax A for undeveloped property

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the District shall levy the Special Tax B on all taxable property until the amount of Special Tax B equals the Special Tax B requirement in accordance with the following steps:

First: The Special Tax B shall be levied proportionately on each parcel of developed property at up to 100% of the Maximum Special Tax B applicable to such parcel as needed to satisfy the Special Tax B requirement;

Second: If additional moneys are needed to satisfy the Special Tax B requirement after the first step has been completed, the Special Tax B shall be levied proportionately on each parcel of undeveloped property at up to 100% of the Maximum Special Tax B applicable to such parcel;

OVERVIEW OF THE PROPOSED CFD SPECIAL TAX

This section provides an overview of the structure and administration procedures of the CFD special tax. The specific administrative requirements are detailed in the Exhibit C - Description of Services to be financed by the CFD and the Exhibit D – Rate and Method of Apportionment of the Special Tax.

USE OF SPECIAL TAX PROCEEDS

The special tax will be used solely for the maintenance of open space, wildlife corridors, natural habitats, waters, basins, roads, landscaping, and related facilities to be financed and owned or managed by the MRCA.

ANNUAL INFLATIONARY ADJUSTMENT

The Maximum Special Tax A and Maximum Special Tax B shall be increased each July 1st, commencing July 1, 2017, based on the percentage increase in the Consumer Price Index with a maximum annual increase of three percent (3%) and a minimum annual increase of one percent (1%) of such Maximum Special Tax in effect in the previous Fiscal Year.

PREPAYMENT OF SPECIAL TAX

Prepayment of the CFD special tax is not authorized.

DURATION OF THE SPECIAL TAX

The Special Tax A shall be levied annually in perpetuity as needed to fund the Special Tax A requirement unless terminated earlier by the MRCA. The Special Tax B shall be levied annually as needed to satisfy the Special Tax B requirement in accordance with this Rate and Method of Apportionment. If the Special Tax A and/or Special Tax B is terminated, the MRCA shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased.

MANNER OF COLLECTION

The special tax will be collected in the same manner and at the same time as ad valorem property taxes. At the District's option, the special tax may be billed directly to property owners.

ANNUAL SPECIAL TAX REPORT

In accordance with Government Code Section 50075.3, the District Executive Officer, or his or her designee, shall file a report with the Board no later than January 1 of each year. The annual report shall contain both of the following: (a) the amount of funds collected and expended; (b) the status of any project required or authorized to be funded with the proceeds of the special tax in accordance with the RMA.

EXHIBIT A – PROPOSED BOUNDARIES OF CFD

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY COMMUNITY FACILITIES DISTRICT 2015-1 (STERLING WEST HILLS)



Legend

- Community Facilities District 2015-1 Boundary
- Not Included In Community Facilities District 2015-1
- Streets
- Parcels

SCI Consulting Group
 4745 Mangels Blvd
 Fairfield, CA 94534
 (707) 430-4300

Assessor Parcel Number:

2017010003	2017026002	2017035004
2017011005	2017026004	2017035005
2017011006	2017026005	2017035006
2017012008	2017026009	2017035007
2017012010	2017035001	2017035008
2017014047	2017035002	
2017026001	2017035003	

SECRETARY'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS _____ DAY OF _____ 2015.

SECRETARY OF THE BOARD

SECRETARY'S MAP CERTIFICATE

I DO HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2015-1, MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY AT A MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2015, BY ITS RESOLUTION NO. _____.

SECRETARY OF THE BOARD

RECORDER'S CERTIFICATE

FILED THIS _____ DAY OF _____, 2015 AT THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF LOS ANGELES

NOTE:
 REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF LOS ANGELES FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

**PROPOSED BOUNDARIES OF
 COMMUNITY FACILITIES DISTRICT NO. 2015-1 OF THE
 MOUNTAINS RECREATION AND CONSERVATION AUTHORITY,
 LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
 Sheet 1 of 1 (Sterling West Hills)**

EXHIBIT B – DESCRIPTION OF LANDOWNER PROPERTIES

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY COMMUNITY FACILITIES DISTRICT 2015-1 (STERLING WEST HILLS)

<u>Assessor's Parcel Number</u>	<u>Acres</u>	<u>Property Owner</u>
2017010003	38.42	CENTEX HOMES
2017011005	0.70	CENTEX HOMES
2017011006	25.04	CENTEX HOMES
2017012008	18.82	CENTEX HOMES
2017012010	40.00	CENTEX HOMES
2017014047	0.09	CENTEX HOMES
2017026001	5.65	CENTEX HOMES
2017026002	2.64	CENTEX HOMES
2017026004	0.85	CENTEX HOMES
2017026005	4.84	CENTEX HOMES
2017026009	17.70	CENTEX HOMES
2017035001	0.29	CENTEX HOMES
2017035002	0.25	CENTEX HOMES
2017035003	0.27	CENTEX HOMES
2017035004	0.35	CENTEX HOMES
2017035005	0.30	CENTEX HOMES
2017035006	0.28	CENTEX HOMES
2017035007	0.40	CENTEX HOMES
2017035008	0.30	CENTEX HOMES

EXHIBIT C – DESCRIPTION OF SERVICES TO BE FINANCED BY THE CFD

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY Community Facilities District 2015-1 (STERLING WEST HILLS)

The types of services to be financed by the CFD ("Services") shall include maintenance of open space, wildlife corridors, natural habitats, waters, basins, roads, landscaping, and related facilities to be financed and owned or managed by the Mountains Recreation and Conservation Authority ("MRCA"), which maintenance may include, but not be limited to, basin and drainage maintenance, slope maintenance, tree and ground cover maintenance, walkway and trail maintenance, weed control, irrigation system maintenance, trash and debris removal, pest control, plant replacement, plant inspection and monitoring, fire / fuel modification compliance, erosion control, wall and monument maintenance, bridge maintenance, trailhead and parking lot maintenance, water trough, signage, water and electricity costs, all related repair / replacement costs, and all appurtenant costs related thereto; any incidental expenses authorized by the Act and any other miscellaneous or incidental services identified by the MRCA necessary to provide the described Services herein.

EXHIBIT D – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 2015-1 (STERLING WEST HILLS) OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

A Special Tax (all capitalized terms are defined in Section A., "Definitions", below) shall be applicable to each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 2015-1 (Sterling Hills West). The amount of Special Tax to be levied on a Parcel in each Fiscal Year, commencing in Fiscal Year 2016-2017, shall be determined by the Governing Board of the Mountains Recreation and Conservation Authority (the "MRCA"), acting in its capacity as the legislative body of the CFD by applying the appropriate Special Tax as set forth in Sections B., C., and D., below. All of the real property within the CFD, unless exempted by law or by the provisions below, 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:

"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 all actual or reasonably estimated costs and expenses of the CFD that are chargeable or allocable to carry out the duties of the Administrator of the CFD as allowed by the Act, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax (whether by the MRCA or designee thereof or both), any litigation or appeal involving the CFD, and other administrative expenses of the MRCA or designee thereof directly related to the CFD. Administrative Expenses shall also include amounts estimated or advanced by the MRCA or CFD for attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Administrator" means an official of the MRCA, or designee thereof, responsible for the administration of the CFD, including but not limited to, determining the annual amount of the Special Tax levy and collection of the Special Taxes.

"Assessor" means the Assessor of the County.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating Parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to a lot or Parcel for purposes of identification as determined from an Assessor Parcel Map or the applicable assessment roll.

"Boundary Map" means a recorded map of the CFD which indicates by a boundary line the extent of the territory identified to be subject to the levy of Special Taxes.

"Building Permit" means the first legal document issued by a local agency giving official permission for new construction on a Parcel. For purposes of this definition, "Building Permit" shall not include any subsequent Building Permits issued or changed after the first issuance.

"CFD" means Community Facilities District No. 2015-1 (Sterling Hills West) of the Mountains Recreation and Conservation Authority.

"Consumer Price Index" means the Consumer Price Index published by the U.S. Bureau of Labor Statistic for "All Urban Consumers" in the Los Angeles-Riverside-Orange County Area, measured as of the month of December in the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the Administrator that is reasonably comparable to the Consumer Price Index for the Los Angeles-Riverside-Orange County Area.

"County" means the County of Los Angeles, California.

"Developed Property" means all Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit for new construction has been issued prior to June 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Dwelling Unit" or "(D/U)" means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the Administrator.

"Exempt Property" means all Parcels of Public Property or Property Owner's Association Property.

"Final Map" means a subdivision of property by recordation of a Assessor's 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 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

"Fiscal Year" means the 12 month period starting on July 1 of any calendar year and ending the following June 30.

"Governing Board" means the Board of Directors for the Mountains Recreation and Conservation Authority.

"Maintenance Agreement" means the agreement titled "Open Space Acquisition and Maintenance Agreement" between the Mountains Recreation and Conservation Authority and Centex Homes dated September 2, 2015.

"Maximum Special Tax" means the Maximum Special Tax A or the Maximum Special Tax B.

"Maximum Special Tax A" means for each Parcel in each Fiscal Year, the greatest amount of Special Tax A, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

"Maximum Special Tax B" means for each Parcel in each Fiscal Year, the greatest amount of Special Tax B, determined in accordance with Section C., below, which may be levied on such Parcel in such Fiscal Year.

"MRCA" means the Mountains Recreation and Conservation Authority.

"Native Plant Area" means those areas within the boundary of the CFD identified as "Graded Slope Area Outside of Fuel Mod." on Exhibit E of the Maintenance Agreement.

"Native Plant Establishment" means as of July 1st of the Fiscal Year then commencing, that a Native Plant Area requires maintenance and/or irrigation because it cannot survive on annual rainfall as determined by the MRCA in accordance with the Maintenance Agreement.

"Parcel(s)" means a lot or parcel within the CFD shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number valid as of July 1st for the Fiscal Year for which the Special Tax is being levied.

"Property Owner's Association Property" means all Parcels which have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association, prior to June 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Proportionately" means for Parcels of Taxable Property that are (i) Developed Property, that the ratio of the actual Special Tax levy for Special Tax A or Special Tax B, as applicable, to the Maximum Special Tax is the same for all Parcels of Developed Property and (ii) Undeveloped Property that the ratios of the actual Special Tax levy for Special Tax A or Special Tax B, as applicable, to the Maximum Special Tax is the same for all Parcels of Undeveloped Property.

"Public Property" means all Parcels which, as of June 1st preceding the Fiscal Year in which the Special Tax is being levied, are (i) used for rights-of-way or any other purpose and

is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State, the County, City or any other public agency, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means all Parcels of Developed Property for which a Building Permit has been issued permitting the construction of one or more residential Dwelling Units.

"Special Tax(es)" means the Special Tax A or Special Tax B to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.

"Special Tax A" means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D.1 to fund the Special Tax A Requirement.

"Special Tax A Requirement" means for each Fiscal Year, that amount required to: (i) pay the estimated cost of Special Tax A Services for such Fiscal Year as determined by the Administrator; (ii) pay Administrative Expenses; (iii) accumulate funds for Special Tax A Services provided that the inclusion of such amount does not increase the levy of Special Tax A on Undeveloped Property; (iv) pay for the actual shortfall due to Special Tax A delinquencies in the prior Fiscal Year; and (v) less a credit for funds available to reduce the annual Special Tax A levy as determined by the Administrator.

"Special Tax A Services" means the maintenance of open space, wildlife corridors, natural habitats, waters, basins, roads, landscaping, and related facilities to be financed and owned or managed by the MRCA, which maintenance may include, but not be limited to, basin and drainage maintenance, slope maintenance, tree and ground cover maintenance, walkway and trail maintenance, weed control, irrigation system maintenance, trash and debris removal, pest control, plant replacement, plant inspection and monitoring, fire / fuel modification compliance, erosion control, wall and monument maintenance, bridge maintenance, trailhead and parking lot maintenance, water trough, signage, water and electricity costs, all related repair/replacement costs, and all appurtenant costs related thereto.

"Special Tax B" means the special tax to be levied in each Fiscal Year on each Parcel of Taxable Property in accordance with Section D. 2.

"Special Tax B Requirement" means for each Fiscal Year, that amount required to: (i) pay the estimated cost of Special Tax B Services required for Native Plant Establishment for such Fiscal Year; (ii) accumulate funds for Special Tax B Services required for Native Plant Establishment provided that the inclusion of such amount does not increase the levy of Special Tax B on Undeveloped Property; (iii) pay for the actual shortfall due to Special Tax B delinquencies in the prior Fiscal Year; and (iii) less a credit for funds available to reduce the annual Special Tax B levy as determined by the Administrator.

"**Special Tax B Services**" means the maintenance of the Native Plant Area during Native Plant Establishment, which maintenance may include, but is not limited to, drainage maintenance, slope maintenance, tree and ground cover maintenance, weed control, irrigation system maintenance, trash and debris removal, pest control, plant replacement, plant inspection and monitoring, fire / fuel modification compliance, erosion control, all related repair/replacement costs, and all appurtenant costs related thereto.

"**State**" means the State of California.

"**Taxable Property**" means all Parcels not classified as Exempt Property.

"**Undeveloped Property**" means all Parcels of Taxable Property not classified as Developed Property.

B. CLASSIFICATION OF TAXABLE PROPERTY

Each Fiscal Year, commencing with Fiscal Year 2016-2017, all Taxable Property shall be classified as either Developed Property or Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C. and D.

C. MAXIMUM SPECIAL TAX RATES

1. Developed Property and Undeveloped Property

The Maximum Special Tax A and the Maximum Special Tax B that may be levied on each Parcel classified as Developed Property or Undeveloped Property shall be determined by reference to table 1 below. The Maximum Special Tax A and the Maximum Special Tax B are subject to annual increases pursuant to Section C.1. (a) below,

Maximum Special Tax A Per Parcel	Maximum Special Tax B Per Parcel
\$1,408.00	\$697.00

(a) Increase in the Maximum Special Tax

The Maximum Special Tax A and Maximum Special Tax B, identified in Table 1 above, shall be increased each July 1st, commencing July 1, 2017, based on the percentage increase in the Consumer Price Index with a maximum annual increase of three percent (3%) and a minimum annual

increase of one percent (1%) of such Maximum Special Tax in effect in the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. Special Tax A

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the Administrator shall levy the Special Tax A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

First: The Special Tax A shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax A as needed to satisfy the Special Tax A Requirement;

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

2. Special Tax B

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the Administrator shall levy the Special Tax B on all Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

First: The Special Tax B shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the Maximum Special Tax B applicable to such Parcel as needed to satisfy the Special Tax B Requirement;

Second: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax B applicable to such Parcel;

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Parcel of Residential Property for which a Certificate of Occupancy

has been issued be increased by more than ten percent (10%) as a result of a delinquency in the payment of the Special Tax applicable to any other Parcel above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

E. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD, and provided further that the CFD may covenant to foreclose and may actually foreclose on Parcels having delinquent Special Taxes as permitted by the Act.

F. APPEALS

Any taxpayer may file a written appeal of the Special Tax on his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes must be paid on or before the payment due date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The Administrator shall review the appeal, meet with the appellant if the Administrator deems necessary, and advise the appellant of its determination. If the Administrator agrees with the appellant, the Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Parcel(s). No refunds of previously paid Special Taxes shall be made.

The Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Tax and any taxpayer who appeals, as herein specified.

H. TERM OF THE SPECIAL TAX

The Special Tax A shall be levied annually in perpetuity as needed to fund the Special Tax A Requirement unless terminated earlier by the MRCA. The Special Tax B shall be levied annually as needed to satisfy the Special Tax B Requirement in accordance with this Rate and Method of Apportionment. If the Special Tax A and/or Special Tax B is terminated, the MRCA shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased.

I. PREPAYMENT OF SPECIAL TAX

Prepayment of Special Tax A and Special Tax B are not authorized.