MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

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This CFD Special Tax Annual Report (“Annual Report”) covers all assessor parcels of land within the boundaries of the Community Facilities District No. 2 (“CFD”) of the Mountains Recreation and Conservation Authority (“Authority”). The special tax attributed to each parcel was computed in accordance with the special tax formula as approved by Resolution No. 12-85 of the Authority Board of Directors. The Annual Report summarizes the fiscal year 2013-14 special tax and rate and method of apportionment and fiscal year 2013-14 special tax collection, expenditures, fund balance, and other related data.

**SUMMARY OF LAND USE**
The CFD includes 17,401 parcels totaling approximately 11,291 acres within the Santa Monica Mountains Conservancy Zone in the City of Los Angeles generally within the Santa Monica Mountains west of Interstate 405 and east of the City of Calabasas (“Woodland Hills, Encino and Tarzana Hillside Areas” or “Areas”). The MRCA currently maintains over 1,000 acres of local open space, parkland and wildlife corridors in this Area. The boundaries of CFD No. 2 for FY 2013-14 are attached in Exhibit A.

**FIGURE 1 – SUMMARY OF LAND USE (CFD NO. 2)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Acres</td>
<td>11,291 acres</td>
</tr>
<tr>
<td>Developed Property</td>
<td>16,083 parcels</td>
</tr>
<tr>
<td>Undeveloped Property</td>
<td>1,239 parcels</td>
</tr>
<tr>
<td>Non-Taxable Property</td>
<td>79 parcels</td>
</tr>
<tr>
<td>Total Parcels</td>
<td>17,401 parcels</td>
</tr>
</tbody>
</table>

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**
The special taxes within the CFD were levied in accordance with the Rate and Method of Apportionment of Special Tax (the “RMA”) which is attached as Exhibit B. The special tax is $19.00 per developed parcel within the CFD. The special tax shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years. The maximum annual special tax shall not be adjusted for inflation.
CFD SPECIAL TAX COLLECTIONS AND OTHER REVENUE

For FY 2013-14, there were 17,322 taxable parcels in the CFD, of which 16,083 were developed. The total annual special tax collected was $301,306.

FIGURE 2 – EXPENDITURES FOR FISCAL YEAR 2013-14

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$0</td>
</tr>
<tr>
<td>Balance as of July 1, 2013</td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>CFD No. 2 Special Taxes</td>
<td>$294,152</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$294,152</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Ranger and Maintenance Services</td>
<td>$55,296</td>
</tr>
<tr>
<td>Administration</td>
<td>$74,523</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$129,819</td>
</tr>
<tr>
<td>Ending Balance</td>
<td></td>
</tr>
<tr>
<td>Balance as of June 30, 2014</td>
<td>$164,333</td>
</tr>
</tbody>
</table>

MANNER OF COLLECTION

The special tax is collected in the same manner and at the same time as ad valorem property taxes.

CFD SPECIAL TAX DELINQUENCIES

Special tax delinquencies for the special taxes levied for FY 2013-14 are 1.4% as of June 30, 2014.

ACCOUNTABILITY REPORT

In accordance with Government Code Section 50075.3, 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 this Section.

CITIZENS’ OVERSIGHT

A citizens’ oversight committee shall be appointed by the Board and shall review and
report annually on the expenditure of the special tax revenues.

PUBLIC INFORMATION

Property owners and other interested persons can obtain information regarding special tax levies and other information by contacting the Agency’s Special Tax Administrator, SCI Consulting Group, at telephone number (800) 273-5167. SCI Consulting Group’s property owner inquire line is also included with property tax bills.

NOTICE OF SPECIAL TAX

The Act states “For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of subdivision (b) of Section 1102.6 of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days so receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars.” A copy of this notice is included as Exhibit A.

In addition, any developer, subdivider or his or her agent or representative shall not sell, or lease any property subject to the Special Tax until the prospective purchaser or lessee has been furnished with and signed a written notice of special tax lien similar to that shown in Exhibit D.
EXHIBIT A – BOUNDARIES OF CFD

MOUNTAINS RECREATION CONSERVATION AUTHORITY
Community Facilities District No. 2
(Open Space Protection and Fire Prevention)
PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2 OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sheet 1 of 1 (Open Space Protection and Fire Prevention)
The services and facilities described below are to be financed by Community Facilities District No. 2 (the "CFD") of the Mountain Recreation and Conservation Authority (the "MRCA"): 

The types of services and facilities to be financed by the CFD ("Services and Facilities") shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space, parkland, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA within the CFD; and administrative or incidental expenses thereto. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

“Improvements,” as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the MRCA.

“Maintenance,” as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services.

“Servicing,” as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements.
EXHIBIT C – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

MOUNTAINS RECREATION CONSERVATION AUTHORITY
Community Facilities District No. 2
(Open Space Protection and Fire Prevention)

This document defines the rate and method of apportionment for an annual special tax (the “Special Tax”) to be collected by the Mountains Recreation and Conservation Authority (the “MRCA”) to be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA.

The Special Tax, determined as shown below, may be levied annually by the Governing Board (the “Board”) of the Mountains Recreation and Conservation MRCA within the boundaries of Community Facilities District No. 2 (the “CFD”):

A. DEFINITIONS

“Developed Property” means real property with improvements for residential, commercial or other purposes.

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

“Non-Taxable Property” means real property not subject to property taxation.

“Undeveloped Property” means real property without improvements which is designated as vacant by the County Assessor as of July 1 of the current Fiscal Year.

B. PROPERTY CATEGORIES AND ANNUAL SPECIAL TAX RATES

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

1. Developed Property: Maximum of $19.00 per parcel
2. Undeveloped Property: No Special Tax
3. Non-Taxable Property: No Special Tax

The Special Tax listed above shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years.
C. LIMITATIONS

The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2022-2023, except for any amount that remains delinquent in subsequent years. Under no circumstances will the Special Tax levied in a Fiscal Year against any parcel be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

D. COLLECTION OF THE SPECIAL TAX

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor's annual billing for ad valorem taxes.

E. CITIZENS' OVERSIGHT AND ACCOUNTABILITY PROVISIONS

The proceeds of the Special Tax shall be used to maintain, improve, acquire, protect and preserve open space, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the MRCA within the CFD ("Services and Facilities"); and administrative or incidental expenses thereto, including costs for the collection and use of the Special Tax. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes.

The proceeds of the Special Tax shall be deposited into a fund, which shall be kept separate and apart from other funds of the MRCA. No later than January 1 of the following Fiscal Year for which the Special Tax is in effect, the MRCA shall prepare a report, for review and approval of the Board, detailing the amount of funds collected and expended, and the status of any project authorized to be funded by the Special Tax.

In addition, an advisory committee of citizens shall be appointed or designated by the Board to ensure that the Special Tax proceeds are spent for their authorized purposes, and to report annually to the Board and the public regarding the expenditure of such funds. The Board shall establish the composition and duties of the advisory committee and shall make all necessary appointments so that the advisory committee may convene within 6 months following the election authorizing the Special Tax.
F. APPEALS AND INTERPRETATION PROCEDURE

Any property owner within the CFD who believes that the portion of the Special Tax levied on the subject property is in error, may file a written appeal no later than June 30 of the Fiscal Year in which the levy occurred, with the Executive Officer or his or her designee, appealing the levy of the Special Tax on the subject property. The Executive Officer or his or her designee will promptly review the appeal, and, if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the Executive Officer or his or her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years shall be corrected, and a credit against future Special Taxes shall be arranged, if applicable. Any dispute over the decision of the Executive Officer or his or her designee shall be referred to the Board and the decision of the Board shall be final.
EXHIBIT D – NOTICE OF SPECIAL TAX

The Notice of Special Tax for the CFD is presented on the following page.
NOTICE OF SPECIAL TAX LIEN

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
Community Facilities District No. 2
County of Los Angeles, California
(Open Space Protection and Fire Prevention)

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

_________________________________________
_________________________________________

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING THIS PROPERTY.

(1) This property is subject to a special tax, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax may not be imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum annual special tax which may be levied is as follows:

Each property within the CFD shall be classified, as of July 1 of the Fiscal Year, into one of the following property uses, and the Special Tax shall be levied as set forth below:

1. Developed Property (real property with improvements for residential, commercial or other purposes): **Maximum of $19.00 per parcel**
2. Undeveloped Property: No Special Tax
3. Non-Taxable Property: No Special Tax

The Special Tax shall be levied annually beginning in Fiscal Year 2013-14 for a period not to exceed 10 years. The per parcel maximum established above shall not be increased over time. The Special Tax shall not be collected after Fiscal Year 2022-2023.

The Special Tax shall be collected each Fiscal Year in the same manner and at the same time as ad valorem property taxes are collected and in the case of delinquency, shall be subject to the same penalties and lien priorities that apply to ad valorem taxes levied within the CFD. The MRCA intends that the Special Tax be included in the County Auditor’s annual billing for ad valorem taxes. **There is no provision for prepayment of the special tax obligation.**

(3) The authorized services (“Services”) that are being paid for by the special taxes and authorized facilities (“Facilities”) which are being paid for by the special taxes, and by the money received from the sale of any bonds which would be repaid by the special taxes, to the extent that financing is available shall include acquisition, maintenance, improvement, servicing, protection, and preservation of open space.
parkland, wildlife corridors, natural habitats, lands, waters, and facilities owned or managed by the Mountains Recreation and Conservation Authority within the CFD; and administrative or incidental expenses thereto. The Services and Facilities include, but are not limited to, the protection of water quality, the reduction of the risk of wildfires, park ranger safety and security services, and the collection and accumulation of reserves for the aforementioned purposes. “Improvements,” as used herein, means facilities, buildings, fixed equipment, trails, roads, parking lots and other man-made structures on or alterations to lands owned or managed by the Mountains Recreation and Conservation Authority. “Maintenance,” as used herein, means the furnishing of services and materials for the routine, recurring, and usual work for the preservation or protection of Improvements for their intended purposes. Maintenance includes, but is not limited to, the repair, removal or replacement of all or any part of any Improvements; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste; the cleaning, sandblasting, and painting of walls and other structural Improvements to remove or cover graffiti; fire prevention services; and safety and security services. “Servicing,” as used herein, means the furnishing of electric current, gas, or other form of energy for any public lighting facilities or for the lighting or operation of any other Improvements; and water for uses including, but not limited to, the irrigation of any landscaping, the operation of any fountains, or the Maintenance of any other Improvements. The Facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM MRCA’S SPECIAL TAX ADMINISTRATOR BY CALLING (800) 273-5167. THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: ________________________________  ________________________________

____________________________________  __________________________________

____________________________________  __________________________________

____________________________________  __________________________________