MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 – 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Citizens' Oversight Committee
of the Mountains Recreation and Conservation Authority
Community Facilities District No. 2 – 2012-2 MM
Los Angeles, California

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of the Mountains Recreation and Conservation Authority Community Facilities District No. 2 – 2012-2 MM Fund (Open Space Protection and Fire Prevention) (District No. 2 Fund) of the Mountains Recreation and Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements as listed in the table of contents.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

For the fiscal year ending June 30, 2023, the Authority has implemented Government Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*. The change has no material impact on financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

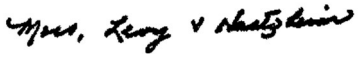
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
April 3, 2024

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 - 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)
BALANCE SHEET
June 30, 2023

ASSETS:		
Cash and investments	$	782,153
Assessments receivable		3,524
Total assets	$	785,677
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Due to other governments	$	173,922
Total liabilities		173,922
Fund Balance:		
Restricted		611,755
Total fund balance		611,755
Total liabilities and fund balance	$	785,677

The accompanying notes are an integral part of these financial statements.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 2 - 2012-2 MM FUND
(OPEN SPACE PROTECTION AND FIRE PREVENTION)
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

Revenues:	
Special assessments	$ 300,788
Total revenues	300,788
Expenditures:	
Current:	
Administration	15,177
Land Acquisition	14,173
Operations, Maintenance, and Improvements	23,967
Ranger Patrol & Fire Prevention	120,620
Total expenditures	173,937
Net Change in Fund Balance	126,851
Fund Balance:	
Fund balance, July 1, 2022	484,904
Fund balance, June 30, 2023	$ 611,755

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On August 7, 2012, the Governing Board established Mountains Recreation and Conservation Authority Community Facilities District No. 2 (District No. 2) pursuant to Government Code Section 53311, et seq. for the purpose of funding open space protection and fire prevention by imposing a special tax on all taxable developed real property within the Woodland Hills, Encino and Tarzana Hillside Areas. Also on August 7, 2012, the Governing Board ordered a special tax election (Measure MM) for November 6, 2012 to receive voter-approval of the District No. 2 and levy of the special tax.

On November 6, 2012, the Measure MM was approved by the qualified registered voters within the boundaries of District No. 2 by receiving 68.67% support. The special tax proceeds will be used for the purpose of open space, parkland and wildlife corridor maintenance and preservation, fire prevention and park ranger safety and security services in the Woodland Hills, Encino and Tarzana Hillside Areas and to fund the acquisition of additional open space in this area and incidental costs. The special tax was approved by voters to be levied annually for a period not to exceed 10 years beginning in the 2013-2014 fiscal year, with a maximum special tax of $19 per parcel and will generate approximately $305,000 per year. The special tax is collected each fiscal year in the same manner and at the same time as ad valorem property taxes and are included in the County Auditor's annual billing for ad valorem taxes.

B. Basis of Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

The Mountains Recreation and Conservation Authority Community Facilities District No. 2 Fund (District No. 2 Fund) is accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Thus, any capital assets and long-term liabilities associated with the District No. 2 Fund are not accounted for in the financial statements of the District and are not included in the accompanying financial statements.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Special assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash, Cash Equivalents, and Investments

The District No. 2 Fund's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments. All cash and investments of the District No. 2 Fund are held with City National Bank.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. As of June 30, 2023, The District No. 2 Fund did not have any investments.

D. Fund Balances

Nonspendable Fund Balance – This amount indicates that portion of fund balance which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – This amount indicates that portion of fund balance that has been restricted for specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance – This amount indicates that portion of fund balance which can only be used for specific purposes pursuant to formal action of the District's Citizens' Oversight Committee and can only be changed or lifted by the same formal action that imposed the constraint originally.

Assigned Fund Balance – This amount indicates that portion of fund balance that is constrained by the District's intent to be used for a specific purpose, but is neither restricted nor committed.

Unassigned Fund Balance – This amount indicates the residual portion of fund balance.

The District No. 2 only had restricted fund balances in the amount of $611,755 at June 30, 2023.

E. Use of Restricted and Unrestricted Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes for which unrestricted fund balances are available, the Authority uses the unrestricted resources in the following order: committed, assigned, and unassigned.

F. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

G. Financial Statement Presentation

The financial statements were prepared from only the accounts of District No. 2; therefore, they do not present the financial position or results of operations of the Authority.

NOTE 2 – CASH AND INVESTMENTS

On June 30, 2023, the District No. 2 Fund had the following cash and investments:

Cash:	
Demand deposits	$ 782,153
Total cash and investments	$ 782,153

Cash Deposits

The carrying amount of the District No. 2 Fund's demand deposit was $782,153 at June 30, 2023. Bank balances at June 30, 2023 were $782,153, which were fully insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The fair value of pledged securities must equal at least 110% of the District No. 2 Fund's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits. The District, however has not waived the collateralization requirements. The District's time and savings deposits and demand deposits are each separately fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The District No. 2 Fund, however, has not waived the collateralization requirements.

At June 30, 2023, the District No. 2 Fund did not have any investments.

NOTE 3 – RELATED PARTY DISCLOSURES

A. Services Performed for the District

Role of the Authority

The District No. 2 Fund is an Agency Fund of the Authority. The employees of the Authority perform work on behalf of the District and the actual cost of the time spent by these employees is charged to the District No. 2 Fund. The Authority also makes payments to vendors on behalf of the District.

Role of the District

The District does not have employees. The District No. 2 Fund is billed for the services performed by the Authority at cost plus an allocation of overhead, as well as for reimbursements for payments made to vendors by the Authority on behalf of the District. During the fiscal year ended June 30, 2023, the District No.2 Fund was billed $15,177 for administration, $14,173 for land acquisition, $23,967 for operations, maintenance, and improvements, $120,620 for ranger patrol and fire prevention for a total of $173,937.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Authority is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District No. 2 Fund's financial position.

SPECIAL TAX REPORT

Mountains Recreation and Conservation Authority

Community Facilities District No. 2

Fiscal Year 2022-23

Engineer of Work:

SCIConsultingGroup
Public Finance Consulting Services

4745 Mangels Boulevard
Fairfield, California 94534
707.430.4300
www.sci-cg.com

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Mountains Recreation and Conservation Authority

Board of Directors

George Lange, Chair

Jim Hasenauer, Vice Chair

Rudy J. Ortega, Jr.

Dan Paranick

Executive Officer

Joseph T. Edmiston

Financial Officer

Jim Friedl

Chief Deputy Financial Officer

Melissa Smith

Board Secretary

James Yeramian

Special Tax Administrator

SCI Consulting Group

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Annual Report (FY 2022-23)

This CFD Special Tax Annual Report ("Annual Report") covers all assessor parcels of land within the boundaries of 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 2022-23 special tax and rate and method of apportionment and fiscal year 2022-23 special tax collection, expenditures, fund balance, and other related data.

Summary of Land Use

The CFD includes 17,388 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 2022-23 are attached in Exhibit A.

Figure 1 – Summary of Land Use (CFD No. 2)

Total Acres	11,291 acres
Developed Property	16,152 parcels
Undeveloped Property	1,173 parcels
Non-Taxable Property	63 parcels
Total Parcels	17,388 parcels

Use of Proceeds

The special tax is used for open space, parkland and wildlife corridor maintenance and preservation, fire prevention and park ranger safety and security services in the Woodland Hills, Encino and Tarzana Hillside Areas and to fund the acquisition of additional open space in this area and to pay any incidental expenses related to the collection or use of the special tax.

The list of authorized services and facilities to be funded by CFD are detailed in Exhibit B.

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 2022-23, there were 17,388 total parcels in the CFD, of which 16,152 were developed and taxable. The total annual special tax collected was $309,341.

Figure 2 – Expenditures for Fiscal Year 2022-23

Beginning Balance	
Balance as of July 1, 2022	$484,904
Revenues	
CFD No. 2 Special Taxes[1]	$309,341
Total Revenues	**$309,341**
Expenses	
Administration	$15,177
Land Acquisitions	$14,173
Operations, Maintenance, and Improvements	$23,968
Ranger Patrol and Fire Prevention	$120,620
Total Expenses	**$173,938**
Ending Balance	
Balance as of June 30, 2023	$620,308

[1] This amount includes all CFD No. 2 Special Taxes received during the fiscal year, including any prior years delinquencies collected.

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 2022-23 are 1.51% as of June 30, 2023.

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 has been 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 of 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 D.

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)

BOOK 193 PAGE 90

CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THIS 27th DAY OF June 2012.

CLERK OF THE BOARD

CLERK'S MAP CERTIFICATE

I DO HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2, 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 27th DAY OF June, 2012, BY ITS RESOLUTION NO. 12-85.

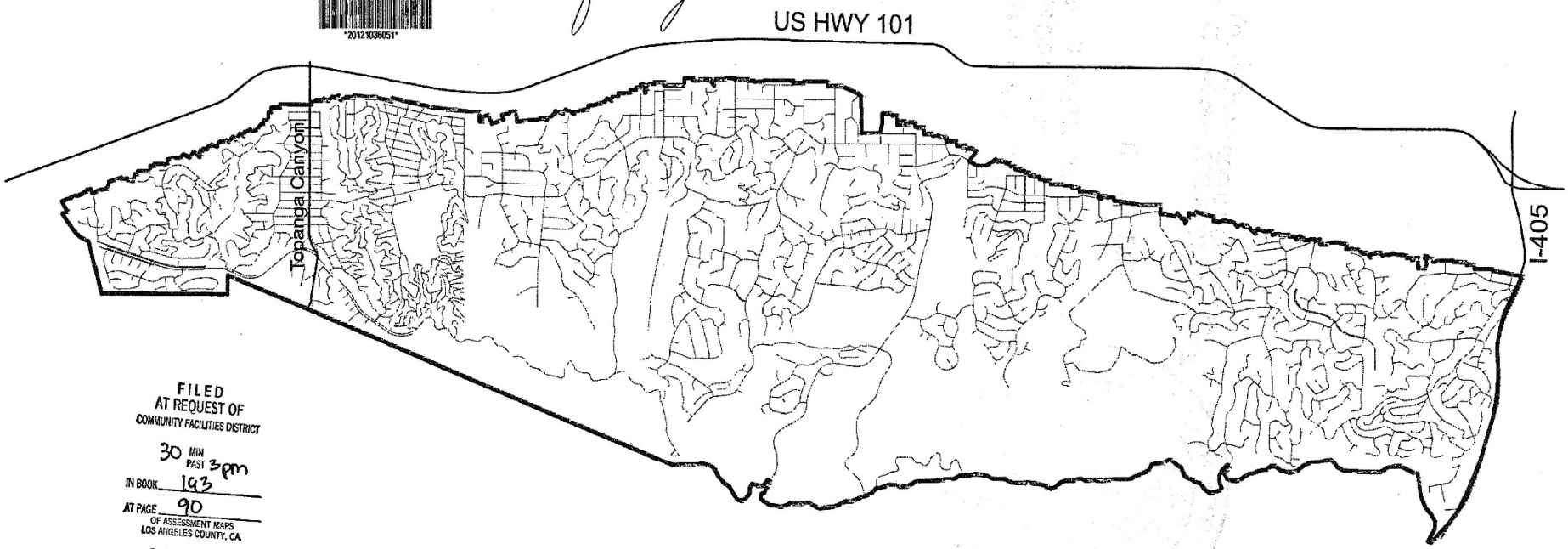
CLERK OF THE BOARD

RECORDER'S CERTIFICATE

FILED THIS _____ DAY OF _____, 2012 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

07/12/2012
20121036051



FILED
AT REQUEST OF
COMMUNITY FACILITIES DISTRICT
30 MIN PAST 3pm
IN BOOK 193
AT PAGE 90
OF ASSESSMENT MAPS
LOS ANGELES COUNTY, CA.
Registrar-Recorder
BY N. Jones
Deputy
FEE $ 8
3 DA

N

Legend

- Community Facilities District No. 2 Boundary
- Major Roads
- Streets

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.

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

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)

Exhibit B – Description of Services and Facilities to be Financed by the CFD

MOUNTAINS RECREATION CONSERVATION AUTHORITY
Community Facilities District No. 2
(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 valorum 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 valorum 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: _____ _____

_____ _____

_____ _____

Exhibit E – Special Tax Roll

The Tax Roll, which is a listing of all parcels within the CFD and the amount of the tax, is filed with the Board Secretary and is, by reference, made part of this Report and available upon request.