

CONSENT TO, AND BALLOT IN FAVOR OF, ANNEXATION OF REAL PROPERTY TO COMMUNITY FACILITIES DISTRICT NO. 2010-01 OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT

To: Board of Directors of the Fresno County
Fire Protection District, in its capacity as
The legislative body for Community
Facilities District No. 2010-01 of the Fresno
County Fire Protection District

The undersigned hereby states and certifies, under penalty of perjury, as follows:

1. The undersigned is the owner (the "Owner"), or the legally authorized representative of the Owner, of fee title to the real property identified by Fresno County Assessor's parcel number(s) listed below (the "Property"), and possesses all legal authority necessary to execute this consent to, and ballot in favor of (the "Consent and Ballot"), the annexation of the Property to Community Facilities District No. 2010-01 of the Fresno County Fire Protection District (the "CFD").

2. The Owner Understand that the Board of Directors of the Fresno County Fire Protection District (the "Board") has conducted proceeding pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Law") to form the CFD to finance various facilities (the "Facilities") and services (the "Services") described in Exhibit A hereto. The Owner also understands that the proceedings for the formation of the CFD authorized the Board to levy an annual special tax (the "Special Tax") on property in the CFD as specified in the Rate and Method of Apportionment of Special Taxes (the "Rate and Method") for the CFD, a copy of which is attached hereto as Exhibit B, and authorized the annexation of property to the CFD, without additional public hearings, upon approval of the owner of the property to be annexed as permitted by Section 53339.7(a) of the Law. The owner has been advised that a Notice of Special Tax Lien (the "Notice of Special Tax Lien") was recorded against the real property initially included within the boundaries of the CFD in the office of the Fresno County Recorder (the "County Recorder") on July 22, 2010 as Document No. 2010-0093596.

3. The Owner hereby irrevocably consents to, approves, and votes (for purposes of Article XIII A of the California Constitution) in favor of the annexation of the property to the CFD, and the annual levy of the Special Tax on the Property pursuant to the Rate and Method to finance costs related to the Facilities and Services. The Owner acknowledges that the Board Clerk of the Fresno County Fire Protection District (the "District") will record, or cause to be recorded, against the Property in the office of the County Recorder an amendment to the Notice of Special Tax Lien as required by Section 3117.5 of the California Streets and Highways Code, which will impose a continuing lien on the Property to secure each levy of the Special Tax, and that the said lien is coequal with the lien for ad valorem real property taxes levied by the County on the Property.

4. The Owner hereby irrevocably waives any right the Owner may otherwise have to protest or challenge the validity of the proceedings of the Board to form the CFD and to authorize the annexation of any property (including the Property) to the CFD, and any necessity, requirement or right for further public hearings or any election pertaining to the annexation of the Property to the CFD or the levy of the Special Tax on the Property.

5. The Owner hereby agrees to provide written notice of the annexation of the Property to the CFD, and of the authority of the Board to levy the Special Tax on the Property pursuant to the Rate and Method, to any subsequent purchaser of the Property to the extent required by applicable law.

The Property subject to this Consent and
Ballot, and to be annexed to the CFD,
consist of the following Fresno County
Assessor's Parcel(s):

The full legal name of the fee title Owner of
the Property is:

The foregoing Consent and Ballot is hereby executed this _____ day of
_____, 20____, in _____, California.

By: _____
(signature)

(type name of person executing
Consent and Ballot)

Its: _____
(insert legal capacity of person
executing Consent and Ballot)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

**COMMUNITY FACILITIES DISTRICT NO. 2010-01
OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT**

DESCRIPTION OF FACILITIES AND SERVICES

ELIGIBLE TO BE FUNDED BY THE COMMUNITY FACILITIES DISTRICT

FACILITIES

It is intended that the Community Facilities District (the "CFD") will be eligible to finance all or a portion of the costs of the following (collectively, the "Facilities"): the acquisition of land and the construction of facilities for fire protection and suppression, and for emergency medical services, including but not limited to (i) station renovation, construction, expansion and equipping; (ii) the construction, expansion and equipping of training facilities, including classrooms, drill towers, rescue buildings and burn buildings;

(iii) the acquisition and equipping of fire engines, other vehicles and emergency medical apparatus with a useful life of five years or more; (iv) the funding of reserves for building refurbishment and replacement, as well as for the replacement of equipment; and (v) the purchase of other related appurtenances permitted under the Act in furtherance of the operations of the District.

Notwithstanding the foregoing, Special Tax A levied on and collected from property in Zone 1 of the CFD (as Special Tax A and Zone 1 are identified in the Rate and Method of Apportionment of Special Taxes for the CFD, and as Zone 1 is depicted on the recorded boundary map for the CFD) shall be used solely to fund the following Facilities (and shall not be used to fund any other Facilities): (i) the acquisition of land for and the construction and equipping of a fire station to be located in Zone 1 of the CFD; and (ii) 2.53% of the cost of the construction, expansion and equipping of a training facility, including classrooms, drill towers, rescue buildings and burn buildings (collectively, the "Zone 1 Facilities"). All Facilities authorized to be funded by the CFD, other than Zone 1 Facilities, are referred to as the "Zone 2 Facilities", including any portion of the Facilities described in clause (ii) of the preceding paragraph not funded by Zone 1 of the CFD pursuant to clause (iii) of the preceding sentence.

SERVICES

The services to be funded, in whole or in part, by the CFD include all direct and incidental costs related to providing fire protection and suppression, and emergency medical services, including (i) fire protection and suppression services, including protection planning; and (ii) emergency medical services, including ambulatory services and technical rescue. The CFD may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, establishing reserves for costs of services, paying the salaries and benefits of personnel, and for payment of other related expenses. Any services to be funded by the CFD must be in addition to those provided in the territory of the CFD before the date of creation of the CFD, and may not supplant services already available within that territory when the CFD is created.

OTHER

The CFD may also finance the following:

- (i) The direct and indirect expenses incurred by the Fresno Fire Protection District (the "District") in connection with the establishment and administration of the CFD (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the District related to the CFD or the collection of special taxes, an allocable share of the salaries of the District staff directly related thereto and a proportionate amount of the District's general administrative overhead related thereto, any amounts paid by the District from its general fund with respect to the CFD or the facilities or services authorized to be funded by the CFD, and expenses incurred by the District in undertaking any action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the District in any way related to the CFD.
- (ii) Bond related expenses, including underwriters discount, appraisal and absorption study costs, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, landowner counsel fees and expenses, underwriter counsel fees and expenses, and all other incidental expenses.
- (iii) Reimbursement of costs related to the formation of the CFD advanced by the District or any landowner in the CFD, as well as reimbursement of any costs advanced by the District or any landowner in the CFD for facilities, services, fees or other purposes or costs of the CFD.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2010-01 OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2010-01 (CFD No. 2010-01) of the Fresno County Fire Protection District (District) and collected each Fiscal Year commencing in Fiscal Year 2010-2011, in an amount determined by the CFD Administrator through the application of the procedures described below. All of the real property within CFD No. 2010-01, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. *DEFINITIONS*

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated expenses related to the administration of CFD No. 2010-01: the costs of determining the amount of the levy of Special Taxes, the collection of Special Taxes, including the expenses of collecting delinquencies and pursuing foreclosures, the administration of Bonds, the payment of a proportional share of salaries and benefits of any District employee whose duties are related to the administration of CFD No. 2010-01, fees and expenses for counsel, audits, or other amounts needed to pay rebate to the federal government with respect to the Bonds, costs related to complying with continuing disclosure requirements pursuant to applicable federal and state securities law, costs associated with responding to public inquiries regarding CFD No. 2010-01 or the Bonds, and any and all other costs incurred in connection with the administration of CFD No. 2010-01.

"Annual Escalation Factor" means an annual percentage change of three percent (3%).

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

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

"Bond Documents" means any fiscal agent agreement, indenture, trust agreement or similar document setting forth the terms of any Bonds.

"Bonds" means any bonds or other debt (as defined in Section 53317 (d) of the Act), whether in one or more series, issued by the District for CFD No. 2010-01 under the Act.

"Boundary Map" means the map attached hereto as Exhibit A.

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

"Building Square Footage" or "BSF" means for Non-Residential Property "Building Square Footage" means all of the square footage within the perimeter of a non-residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of "Building Square Footage" for a non-residential structure will be based on the Building Permit(s) issued for such structure and/or by reference to appropriate records kept by the Department of Public Works and Planning of the County of Fresno.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"Certificate of Occupancy" means a certificate issued by the County, or other applicable government entity that authorizes the actual occupancy of a dwelling unit for habitation by one or more residents or the occupancy of Non-Residential Property.

"CFD Administrator" means an official of the District, or designee thereof, responsible for determining the Special Tax Requirement for Facilities for each Zone and the Special Tax Requirement for Services, and providing for the levy and collection of the Special Taxes for CFD No. 2010-01.

"CFD No. 2010-01" means Community Facilities District No. 2010-01 of the Fresno County Fire Protection District established by the District Board under the Act.

"Commercial Property" means an Assessor's Parcel of Non-Residential Property for which a building permit(s) has been issued for commercial use, including but not limited to an Assessor's Parcel with a land use designation identified by the County as commercial retail; food services; shopping centers; grocery stores; gas stations; restaurants; hotels and motels, and recreational facilities. Classifications shall be determined by the CFD Administrator.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of San Francisco, measured as of the Calendar Year, which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of San Francisco.

"County" means the County of Fresno.

"Covenant Fees" means fees exacted from new development by the District to fund the Facilities.

"District" means the Fresno County Fire Protection District.

"District Board" means the Board of Directors of the District, acting as the legislative body of CFD No. 2010-01.

"Developed Property" means an Assessor's Parcel of Taxable Property that is not Tenured Property for which a Certificate of Occupancy was issued on or before **April 1** preceding the Fiscal Year for which Special Taxes are being levied, provided that a Final Map for such Assessor's Parcel was recorded on or before January 1 of the prior Fiscal Year for which Special Taxes may be levied.

"Entitled Property" means Residential Property that is not Permitted Property or Developed Property, which has a Final Map recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied, but for which no building permit has been issued prior to **April 1** preceding the Fiscal Year in which the Special Tax is being levied. The term "Entitled Property" shall apply only to Residential Property, excluding any Assessor's Parcel that is designated as a remainder parcel determined by final documents and/or maps available to the CFD Administrator.

"Exempt Property" means all Assessor's Parcels within which are exempt from the Special Taxes pursuant to the Act, or Section G herein.

"Facilities" means those facilities authorized to be funded by CFD No. 2010-01.

"Final Map" means a recorded final map, parcel map, or lot line adjustment, evidencing the subdivision of property pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.).

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

"Future Annexation Area" means all Assessor's Parcels within the future annexation area of CFD No. 2010-01, as determined by reference to the Boundary Map.

"Industrial Property" means an Assessor's Parcel of Non-Residential Property for which a building permit(s) has been issued for industrial use, including an Assessor's Parcel with a land use designation identified by the County Director of Public Works and Planning or its successor office as industrial, including but not limited to cold storage and slaughter house, cotton gin and compress, factory, air terminal, storage, granary and rice mill, light industrial, light manufacturing, lumber yard, oil and gas bulk plant, packing house, warehouse, and winery. Classifications shall be determined by the CFD Administrator.

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

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

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

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

"Mixed Use Property" means an Assessor's Parcel of Developed Property that contains more than one Land Use Type located on such Assessor's Parcel.

"Multi-Family Residential" or "MFR Property" means an Assessor's Parcel classified as Developed Property for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more Residential Units for rent, exclusive of condominiums and attached Single-Family Residential property.

"Non-Residential Property" means an Assessor's Parcel classified as Developed Property, excluding Residential Property and Public Property.

"Office Property" means an Assessor's Parcel of Non-Residential Property for which a building permit(s) has been issued for office and/or profession use, including but not limited to an Assessor's Parcel with a land use designation identified by the County as office; general office, medical-dental office, hospitals, professional building; and bank or financial institution. Classifications shall be determined by the CFD Administrator.

"Permitted Property" means an Assessor's Parcel of Taxable Property that is not Developed Property for which a Building Permits was issued on or before **April 1** preceding the Fiscal Year for which Special Taxes are being levied, provided that a Final Map for such Assessor's Parcels was recorded on or before January 1 of the prior Fiscal Year for which Special Taxes may be levied.

"Prepayment Amount" means the amount required to prepay the Special Tax A obligation in full for an Assessor's Parcel, as described in Section E.

"Proportionately" means inclusive to each respective Zone the following: for Developed Property, the ratio of the actual Special Tax A levied on Developed Property to the Maximum Special Tax A for Developed Property is equal for all Assessor's Parcels of Developed Property, and the ratio of the actual Special Tax B levied on Developed Property to the Maximum Special Tax B for Developed Property is equal for all Assessor's Parcels of Developed Property. For Permitted Property, it means that the ratio of the actual Special Tax A levied on Permitted Property to the Maximum Special Tax A for Permitted Property is equal for all Assessor's Parcels of Permitted Property. For Entitled Property, it means that the ratio of the actual Special Tax A levied on Entitled Property to the Maximum Special Tax A for Entitled Property *is* equal for all Assessor's Parcels of Entitled Property. For Tenured Property, it means that the ratio of the actual Special Tax A levied on Tenured Property to the Maximum Special Tax A for Tenured Property is equal for all Assessor's Parcels of Tenured Property, and the ratio of the actual Special Tax B levied on Tenured Property to the Maximum Special Tax B for Tenured Property is equal for all Assessor's Parcels of Tenured Property.

"Public Property" means any property within the boundaries of CFD No. 2010-01 that is owned by or irrecoverably dedicated to a city, the federal government, the State of California, the County, or any other public agency.

"Residential Property" means all Assessors' Parcels within a Final Map that may be or have been subdivided into individual Lots for residential use.

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

"Services" means the services eligible to be funded by CFD No. 2010-01.

"Single-Family Residential" or "SFR Property" means an Assessor's Parcel classified as Developed Property for which a Building Permit(s) has been issued for purposes of constructing one or more single-family residential Dwelling Units. For purposes of this definition, condominiums are classified as SFR Property. Consistent with Section G "Exemptions" herein, SFR Property resulting from subdivisions of land occurring prior to the formation of the CFD and SFR Property resulting from subdivisions of land into two or less Lots or Assessor's Parcels shall be Exempt Property.

"Special Tax" means, collectively, Special Tax A and Special Tax B.

"Special Tax A" means the special tax authorized to be levied within CFD No. 2010-01 pursuant to the Act to pay the costs of the Facilities.

"Special Tax B" means the special tax authorized to be levied within CFD No. 2010-01 pursuant to the Act to pay the costs of the Services.

"Special Tax Requirement for Zone 1 Facilities" means the amount required in any Fiscal Year, as determined by the CFD Administrator, to pay: (i) the debt service and other periodic costs on the Bonds due in the Calendar Year that commences in such Fiscal Year in proportion to the ratio of Zone 1 Facilities financed, adjusted for prepayments in Zone 1, (ii) advancement of funds by the District for Zone 1 Facilities, (iii) Administrative Expenses associated with Special Tax A, any Bonds, and/or any Facilities associated with Zone 1, (iv) any amount required from Zone 1 to establish or replenish any reserve funds established in association with the Bonds for Zone 1 Facilities, (v) delinquencies within Zone 1 in the payment of Special Tax A not previously taken into account in the following clause (vi), (vi) for a reasonable estimate of delinquencies expected to occur within Zone 1 in the Fiscal Year in which Special Tax A will be levied, as determined by the CFD Administrator, and (vii) the costs of the acquisition or construction of eligible Zone 1 Facilities, including incidental expenses related to Zone 1 Facilities as authorized pursuant to the

Act, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Entitled Property or Permitted Property, less (viii) any amount available to pay debt

service or other periodic costs on the Bonds as determined by the CFD Administrator pursuant to the Bond Documents.

"Special Tax Requirement for Zone 2 Facilities" means the amount required in any Fiscal Year, as determined by the CFD Administrator, to pay: (i) the debt service and other periodic costs on the Bonds due in the Calendar Year that commences in such Fiscal Year in proportion to the ratio of Zone 2 Facilities that were financed, adjusted for prepayments in Zone 2, (ii) advancement of funds by the District for Zone 1 Facilities, (iii) Administrative Expenses associated with Special Tax A, any Bonds and/or any Zone 2 Facilities associated with Zone 2, (iv) any amount required from Zone 2, as determined by the CFD Administrator, to establish or replenish any reserve funds established in association with the Bonds for Zone 2 Facilities, (v) delinquencies within Zone 2 in the payment of Special Tax A not previously taken into account in the following clause (vi), (vi) for a reasonable estimate of delinquencies expected to occur within Zone 2 in the Fiscal Year in which Special Tax A will be levied, as determined by the CFD Administrator, and (vii) the costs of the acquisition or construction of eligible Zone 2 Facilities, including incidental expenses related to Zone 2 Facilities as authorized pursuant to the Act, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Entitled Property or Permitted Property, less (viii) any amount available to pay debt service or other periodic costs on the Bonds as determined by the CFD Administrator pursuant to the Bond Documents.

"Special Tax Requirement for Services" means the amount as determined by the CFD Administrator, for any Fiscal Year to pay: (i) the costs of the Services during such Fiscal Year, (ii) Administrative Expenses associated with Special Tax B, (iii) any amount required to establish or replenish any reserve fund established for Services, (iv) incidental expenses related to the Services as authorized pursuant to the Act, (v) any delinquencies in the payment of Special Tax B not previously taken into account in the following clause (v), and (v) for a reasonable estimate of delinquencies expected to occur in the Fiscal Year in which Special Tax B will be levied, as determined by the CFD Administrator.

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

"Tenured Property" means all Assessor's Parcels of Developed Property which have paid Special Tax A for each of fifteen (15) consecutive years.

"Trustee" means the trustee, fiscal agent, or paying agent under the Bond Documents.

"Zone" means one of the two mutually exclusive geographic areas defined below.

- **"Zone 1"** means the area within CFD No. 2010-01 designated as Zone 1 by reference to the Boundary Map, together with any property annexed thereto in accordance with the Act.
- **"Zone 2"** means the area within CFD No. 2010-01 designated as Zone 2 by reference to the Boundary Map, together with any property annexed thereto in accordance with the Act

"Zone Buildout" means that all expected Building Permits have been issued within the applicable Zone, as determined by the CFD Administrator, based on growth projections defined in the Fresno County Fire Protection Fire Facilities Impact Fee Study, dated January 14, 2010.

"Zone 1 Facilities" means those Facilities within Zone 1 authorized to be funded by CFD No. 2010-01.

"Zone 2 Facilities" means those Facilities within Zone 2 authorized to be funded by CFD No. 2010-01.

B. CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2010-2011, each Assessor's Parcel shall be categorized by the CFD Administrator into Zone 1 or Zone 2 and classified as Taxable Property or Exempt Property. In addition, each Fiscal Year, each Assessor's Parcel of Taxable Property shall be further classified by the CFD Administrator as Developed Property, Entitled Property, Permitted Property, or Tenured Property. Lastly, each Fiscal Year, beginning with Fiscal Year 2010-2011, each Assessor's Parcel of Developed Property shall further be classified by the CFD Administrator as SFR Property, MFR Property, Non-Residential Property, or Mixed Use Property, and each Assessor Parcel of Non-Residential Property shall be classified as Commercial Property, Office Property, Industrial Property, Mixed Use Property. Commencing with Fiscal Year 2010-2011 and for each subsequent Fiscal Year, all Taxable Property shall be subject to Special Taxes pursuant to Sections C below.

C. MAXIMUM SPECIAL TAXES

1. Developed Property

A. Zone 1

Each Fiscal Year commencing in Fiscal Year 2010-2011, each Assessor's Parcel of Developed Property within each Zone of CFD No. 2010-01 shall be subject to a Special Tax A and a Special Tax B. The Maximum Special Tax A and Maximum Special Tax B for Developed Property within Zone 1 and Zone 2 of CFD No. 2010-01 are shown in Tables 1 and 2, respectively.

**TABLE 1
ZONE 1
DEVELOPED PROPERTY
MAXIMUM SPECIAL TAX RATES**

| Land Use Type | Maximum Special Tax A | Maximum Special Tax B |
|------------------------|----------------------------|----------------------------|
| Residential | | |
| SFR Property | \$140 per Residential Unit | \$251 per Residential Unit |
| MFR Property | \$109 per Residential Unit | \$197 per Residential Unit |
| Non-Residential | | |
| Commercial Property | \$0.07 per BSF | \$0.13 per BSF |
| Office Property | \$0.10 per BSF | \$0.18 per BSF |
| Industrial Property | \$0.04 per BSF | \$0.07 per BSF |

**TABLE 2
ZONE 2
DEVELOPED PROPERTY
MAXIMUM SPECIAL TAX RATES**

| Land Use Type | Maximum Special Tax A | Maximum Special Tax B |
|------------------------|---------------------------|----------------------------|
| Residential | | |
| SFR Property | \$93 per Residential Unit | \$174 per Residential Unit |
| MFR Property | \$73 per Residential Unit | \$137 per Residential Unit |
| Non-Residential | | |
| Commercial Property | \$0.05 per BSF | \$0.09 per BSF |
| Office Property | \$0.07 per BSF | \$0.12 per BSF |
| Industrial Property | \$0.02 per BSF | \$0.05 per BSF |

In determining the Maximum Special Tax A which may be levied in each subsequent Fiscal Year following Fiscal Year 2010-2011, the Maximum Special Tax A shall be increased from the Maximum Special Tax A in effect for the prior Fiscal Year by an amount equal to the greater of (i) the Construction Inflation Index, or (ii) 2.0 percent of the amount in effect for the previous Fiscal Year; provided, however, that for each Fiscal Year subsequent to the Fiscal Year in which an Assessor's Parcel is initially categorized as Developed Property, the Maximum Special Tax A for such Assessor's Parcel shall not increase from the amount in effect for the previous Fiscal Year.

For each subsequent Fiscal Year following Fiscal Year 2010-2011, Maximum Special Tax B shall be increased from the Maximum Special Tax B in effect for the prior Fiscal Year by the Annual Escalation Factor.

2. Permitted Property

Each Fiscal Year commencing in Fiscal Year 2010-2011, each Assessor's Parcel classified as Permitted Property within each Zone of CFD No. 2010-01 shall be subject to a Special Tax A. The Maximum Special Tax A for Permitted Property within Zone 1 and Zone 2 of CFD No. 2010-01 are shown in Tables 3 and 4, respectively.

**TABLE 3
ZONE 1
PERMITTED PROPERTY
MAXIMUM SPECIAL TAX RATES**

| Land Use Type | Maximum Special Tax A |
|------------------------|----------------------------|
| Residential | |
| SFR Property | \$140 per Residential Unit |
| MFR Property | \$109 per Residential Unit |
| Non-Residential | |
| Commercial Property | \$0.07 per BSF |
| Office Property | \$0.10 per BSF |
| Industrial Property | \$0.04 per BSF |

**TABLE 4
ZONE 2
PERMITTED PROPERTY
MAXIMUM SPECIAL TAX RATES**

| Land Use Type | Maximum Special Tax A |
|------------------------|---------------------------|
| Residential | |
| SFR Property | \$93 per Residential Unit |
| MFR Property | \$73 per Residential Unit |
| Non-Residential | |
| Commercial Property | \$0.05 per BSF |
| Office Property | \$0.07 per BSF |
| Industrial Property | \$0.02 per BSF |

In determining the Maximum Special Tax A which may be levied in each subsequent Fiscal Year following Fiscal Year 2010-2011, the Maximum Special Tax A shall be increased from the Maximum Special Tax A in effect for the prior Fiscal Year by an amount equal to the greater of

(i) the Construction Inflation Index, or (ii) 2.0 percent of the amount in effect for the previous Fiscal Year.

3. Entitled Property

Each Fiscal Year commencing in Fiscal Year 2010-2011, each Assessor's Parcel classified as Entitled Property within each Zone of CFD No. 2010-01 shall be subject to a Special Tax A. The Maximum Special Tax A for Entitled Property within Zone 1 and Zone 2 of CFD No. 2010-01 are shown in Tables 5 and 6, respectively.

**TABLE 5
ZONE 1
ENTITLED PROPERTY
MAXIMUM SPECIAL TAX RATE**

| |
|----------------------------------|
| Maximum Special Tax A |
| \$140 per Lot |

**TABLE 6
ZONE 2
ENTITLED PROPERTY
MAXIMUM SPECIAL TAX RATE**

| |
|----------------------------------|
| Maximum Special Tax A |
| \$93 per Lot |

In determining the Maximum Special Tax A which may be levied in each subsequent Fiscal Year following Fiscal Year 2010-2011 on Entitled Property, the Maximum Special Tax A shall be increased from the Maximum Special Tax A in effect for the prior Fiscal Year by an amount equal to the greater of (i) the Construction Inflation Index, or (ii) 2.0 percent of the amount in effect for the previous Fiscal Year.

4. Tenured Property

Each Fiscal Year commencing in Fiscal Year 2010-2011, each Assessor's Parcel of Tenured Property within each Zone of CFD No. 2010-01 shall be subject to a Special Tax A and a Special Tax B. The Maximum Special Tax A for an Assessor's Parcel classified as Tenured Property shall be equal to the Maximum Special Tax A determined for such Assessor's Parcel when it was initially classified as Developed Property. The Maximum Special Tax B for Tenured Property within Zone 1 and Zone 2 of CFD No. 2010-01 are shown in Tables 7 and 8, respectively.

5. Mixed Use Property

Each Fiscal Year commencing in Fiscal Year 2010-2011, each Assessor's Parcel of Mixed Use Property within each Zone of CFD No. 2010-01 shall be subject to a Special Tax A and a Special Tax B. The Maximum Special Tax A for an Assessor's Parcel classified as Mixed Use Property shall be equal to the sum of Maximum Special Tax A that may be applied to each Land Use Type located on that Assessor's Parcel. The Maximum Special Tax B for an Assessor's Parcel classified as Mixed Use Property shall be equal to the sum of Maximum Special Tax B that may be applied to each Land Use Type located on that Assessor's Parcel.

**TABLE 7
ZONE 1
TENURED PROPERTY
MAXIMUM SPECIAL TAX B**

| Land Use Type | Maximum Special Tax B |
|------------------------|----------------------------|
| Residential | |
| SFR Property | \$251 per Residential Unit |
| MFR Property | \$197 per Residential Unit |
| Non-Residential | |
| Commercial | \$0.13 per BSF |
| Office | \$0.18 per BSF |
| Industrial | \$0.07 per BSF |

**TABLE 8
ZONE 2
TENURED PROPERTY
MAXIMUM SPECIAL TAX B**

| Land Use Type | Maximum Special Tax B |
|------------------------|----------------------------|
| Residential | |
| SFR Property | \$174 per Residential Unit |
| MFR Property | \$137 per Residential Unit |
| Non-Residential | |
| Commercial | \$0.09 per BSF |
| Office | \$0.12 per BSF |
| Industrial | \$0.05 per BSF |

For each subsequent Fiscal Year following Fiscal Year 2010-2011, Maximum Special Tax B shall be increased from the Maximum Special Tax Bin effect for the prior Fiscal Year by the Annual Escalation Factor.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Special Tax A

A. Zone 1

Commencing in Fiscal Year 2010-2011 and for each subsequent Fiscal Year as provided in Section F, the CFD Administrator shall levy Special Tax A on all Taxable Property within Zone 1 of CFD No. 2010-01 until the total amount of Special Tax A levied equals the Special Tax Requirement for Zone 1 Facilities in accordance with the following steps:

Step One: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property within Zone 1 up to 100% of the applicable Maximum Special Tax A to satisfy the Special Tax Requirement for Zone 1 Facilities.

Step Two: If additional monies are needed to satisfy the Special Tax Requirement for Zone 1 Facilities after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Permitted Property within Zone 1 up to 100% of the applicable Maximum Special Tax A for Permitted Property.

Step Three: If additional monies are needed to satisfy the Special Tax Requirement for Zone 1 Facilities after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Entitled Property within Zone 1 up to 100% of the applicable Maximum Special Tax A for Entitled Property.

Step Four: If additional monies are needed to satisfy the Special Tax Requirement for Zone 1 Facilities after all previous steps have occurred, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Tenured Property within Zone 1 up to 100% of the applicable Maximum Special Tax A for Tenured Property.

B. Zone 2

Commencing in Fiscal Year 2010-2011 and for each subsequent Fiscal Year as provided in Section F, the CFD Administrator shall levy Special Tax A on all Taxable Property within Zone 2 of CFD No. 2010-01 until the total amount of Special Tax A levied equals the Special Tax Requirement for Zone 2 Facilities in accordance with the following steps:

Step One: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property within Zone 2 up to 100% of the applicable Maximum Special Tax A to satisfy the Special Tax Requirement for Zone 2 Facilities.

Step Two: If additional monies are needed to satisfy the Special Tax Requirement for Zone 2 Facilities after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Permitted Property within Zone 2 up to 100% of the applicable Maximum Special Tax A for Permitted Property.

Step Three: If additional monies are needed to satisfy the Special Tax Requirement for Zone 2 Facilities after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Entitled Property within Zone 2 up to 100% of the applicable Maximum Special Tax A for Entitled Property.

Step Four: If additional monies are needed to satisfy the Special Tax Requirement for Zone 2 Facilities after all previous steps have occurred, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Tenured Property within Zone 2 up to 100% of the applicable Maximum Special Tax A for Tenured Property.

2. Special Tax B

Commencing in Fiscal Year 2010-2011 and for each subsequent Fiscal Year, the CFD Administrator shall levy a Special Tax B on all Developed Property and Tenured Property within Zone 1 and Zone 2 of CFD No. 2010-01 Proportionately up to 100% of the applicable Maximum Special Tax B for such Fiscal Year for Developed Property or Tenured Property to satisfy Special Tax Requirement for Services.

Notwithstanding the above, under no circumstances will the Special Tax A or the Special Tax B levied against any Assessor's Parcel of Developed Property that is SFR Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default in the payment of Special Taxes by the owner of any other Assessor's Parcel.

E. PREPAYMENT OF SPECIAL TAX

1. Special Tax A

The following definitions apply to this Section E:

"Facilities Costs" means for Zone 1 and Zone 2, \$3.441 million and \$41.970 million, respectively, expressed in 2010 dollars, which shall increase by the Construction Inflation Index on January 1, 2011, and on each January 1 thereafter, as determined by the CFD Administrator, or such lower numbers specific to each Zone - as shall be determined either by (a) the CFD Administrator as sufficient to pay for all of the Zone 1 Facilities and/or Zone 2 Facilities, or (b) the District Board concurrently with a covenant that it will not issue any more Bonds to pay the costs of Zone 1 Facilities and/or Zone 2 Facilities (except refunding bonds).

"Future Zone 1 Facilities Costs" means the Facilities Costs for Zone 1 minus that (a) portion of the Facilities Costs for Zone 1 previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Improvement Fund associated with Zone 1 Facilities and (iii) directly from Special Tax A revenues from Zone 1 and (b) amount of the proceeds of all previously issued Bonds then on deposit in the Improvement Fund for Zone 1 Facilities.

"Future Zone 2 Facilities Costs" means the Facilities Costs for Zone 2 minus that (a) portion of the Facilities Costs for Zone 2 previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Improvement Fund associated with Zone 2 Facilities and (iii) directly from Special Tax A revenues from Zone 2 and (b) amount of the proceeds of all previously issued Bonds then on deposit in the Improvement Fund for Zone 2 Facilities.

"Improvement Fund" means a fund specifically identified in the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Facilities.

"Outstanding Bonds" means all previously issued Bonds which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of Covenant Fees or prior prepayments of the Special Tax A.

The Special Tax A obligation of an Assessor's Parcel of Taxable Property that is Developed Property or Tenured Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time that the Special Tax A obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay all or a part of the Special Tax A obligation shall provide the CFD Administrator with written notice of intent to prepay, and within 10 business days of receipt of such notice, the District shall notify such owner of the amount of a non-refundable deposit determined by the CFD Administrator as necessary to cover the cost to be incurred by CFD No. 2010- 01 in calculating the proper amount of a prepayment. Within 30 business days of receipt by the CFD Administrator of the non-refundable deposit, the CFD Administrator shall notify such owner of the prepayment amount for the applicable Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Bond Documents.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

| | |
|---------------|----------------------------|
| | Bond Redemption Amount |
| plus | Redemption Premium |
| plus | Future Facilities |
| plus | Amount Defeasance |
| plus | Administrative Fee |
| <u>less</u> | <u>Reserve Fund Credit</u> |
| equals | Prepayment Amount |

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For an Assessor's Parcel of Taxable Property, compute the Maximum Special Tax A applicable to such Assessor's Parcel.
2. For each Assessor's Parcel intending to prepay, divide the Maximum Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Maximum Special Tax A applicable to all Assessor's Parcels of Taxable Property within the Zone that the Assessor Parcel intending to prepay is located, assuming Zone Buildout, excluding the Maximum Special Taxes applicable to Tenured Property and the Maximum Special Taxes of any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.
3. For each Assessor's Parcel intending to prepay, multiply the quotient computed pursuant to paragraph 2, by the portion of Outstanding Bonds associated with the Facilities of the Zone that the Assessor's Parcel intending to prepay is located. The product shall be the "Bond Redemption Amount," for such Assessor's Parcels, as applicable.

4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds on the next available redemption date to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. If (a) all the Bonds authorized to be issued for the applicable Zone of CFD No. 2010-01 have not been issued, and (b) the District Board has not restricted its ability to issue additional bonds in the future for the applicable Zone, then compute the Future Facilities Amount for the applicable Zone.
6. The "Future Facilities Amount" shall be calculated by multiplying the quotient computed pursuant to paragraph 2, by the amount if any, determined pursuant to paragraph 5. The product shall be the "Future Facilities Amount."
7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, taking into consideration the amount of Special Tax A levied on and paid, for the Assessor's Parcel in the current Fiscal Year and the portion of Outstanding Bonds associated with the Facilities funded for the Zone that the Assessor's Parcel intending to prepay is located.
8. Compute the amount the CFD Administrator reasonably expects to be derived from the reinvestment of the Prepayment Amount less the Future Facilities Amount and Administrative Fee (defined in paragraph 10) until the next available redemption date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the result computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirement, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve fund on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than \$0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax A obligation that is prepaid pursuant to this Section F, the CFD Administrator shall indicate in the records of CFD No. 2010-01 that there has been a prepayment of the Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax A obligation and the release of the Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property, net of reasonably estimated annual Administrative Expenses, shall be at least 1.20 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

2. Special Tax B

Special Tax B is levied for the purpose of financing ongoing Services and therefore may not be prepaid.

F. TERMINATION OF SPECIAL TAX A

For each Fiscal Year that any Bonds are outstanding, Special Tax A shall be levied on all Assessor's Parcels of Taxable Property within CFD No. 2010-01 in accordance with Section D. If an Assessor's Parcel of Tenured Property is not levied Special Tax A for two (2) consecutive years and the Assessor's Parcel has no delinquent Special Taxes, the Assessor's Parcel obligation to pay Special Tax A shall cease. If any delinquencies for Special Tax A remain uncollected prior to or after all Bonds are retired, Special Tax A may be levied to the extent necessary to reimburse CFD No. 2010-01 for any uncollected Special Tax A.

G. EXEMPTIONS

The District shall classify as Exempt Property: (i) Public Property, (ii) Undeveloped Property, (iii) Assessor's Parcels used or owned exclusively by a property owners' association, (iv) Assessor's Parcels with public or utility easements, including Assessor's Parcels designated as open space or retention basin, making impractical their utilization for other purposes than those set forth in the easement, (v) SFR Property that resulted from a subdivision of land into two or less Lots or Assessor's Parcels, or (vi) SFR Property resulting from subdivisions of land occurring prior to the formation of the CFD on May 19, 2010.

H. APPEALS

Any property owner claiming that the amount or application of the Special Tax A or Special Tax B is not correct may file a written notice of appeal with the CFD Administrator immediately upon receipt of the CFD annexation documents, but not later than six months after having annexed to the CFD. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax A or Special Tax B, and rule on the appeal. If the decision of the CFD Administrator requires that the Special Tax A or Special Tax B for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy for Special Tax A), but an adjustment shall be made to the Special Tax A or Special Tax B on that Assessor's Parcel in the subsequent Fiscal Year(s).

I. MANNER OF COLLECTION

The annual Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Special Taxes may be billed and collected at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 2010-01.