

# Attachment 1

## RESOLUTION 25-XXX(A)

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DETERMINING THAT THE PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 1, IMPROVEMENT AREA NO. 3 AND IMPROVEMENT AREA NO. 5 OF CITY OF PASO ROBLES COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER RANCH – FACILITIES) BE REVISED**

**WHEREAS**, the City Council (the “City Council”) of the City of El Paso de Robles (the “City”) has received written petitions (together, the “Petitions”) from (i) SH AA Vinedo LLC, a Delaware limited liability company, and TH Paso Robles LLC, a California limited liability company, the owners of the territory within Improvement Area No. 1 (“Improvement Area No. 1”) of the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities) (the “Community Facilities District”), and (ii) Olsen Ranch 212 LLC, a California limited liability company, the owner of the territory within Improvement Area No. 3 (“Improvement Area No. 3”) and Improvement Area No. 5 (“Improvement Area No. 5”) of the Community Facilities District, requesting that the City Council, as legislative body of the Community Facilities District, initiate proceedings pursuant to the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code (the “Act”), to revise the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5, and to increase the bonded indebtedness of Improvement Area No. 1 from \$20,000,000 to \$21,000,000 and of Improvement Area No. 3 from \$8,000,000 to \$9,000,000; and

**WHEREAS**, the City Council has determined that the public convenience and necessity require the changes proposed in the aforementioned Petitions, and that it should, therefore, adopt a resolution of consideration pursuant to Sections 53331 and 53334 of the California Government Code to initiate proceedings for the consideration of such changes.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, AS LEGISLATIVE BODY OF THE CITY OF PASO ROBLES COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER RANCH – FACILITIES), AS FOLLOWS:**

Section 1.        Findings. The City Council finds as follows:

(a)        The public convenience and necessity require the proposed changes specified in the preceding recitals;

(b)        There are not any persons registered to vote within the territory of Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5; and

(c)        Pursuant to Section 53326 of the California Government Code, the vote in the special elections on the changes which are proposed by this Resolution, if held, shall, therefore, be by the landowners within each of Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5 of the Community Facilities District, as applicable, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land not exempt from the special tax that they own within Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5, as applicable.

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Section 2.        The Community Facilities District, Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5. The Community Facilities District is known as “City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities).” The territory within Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5 of the Community Facilities District is generally shown and described on the boundary map entitled “Boundaries of City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities), County of San Luis Obispo, State of California” recorded on July 8, 2022 in Book 6 of Maps of Assessment and Community Facilities Districts at Pages 36-37, and as Document No. 2022-028170, in the Office of the County Recorder in the County of San Luis Obispo, State of California.

Section 3.        Amended Rate and Method; Increase in Bonded Indebtedness. It is proposed that the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1, Improvement Area No. 3 and Improvement Area No. 5 be revised as set forth in Exhibit “A,” Exhibit “B” and Exhibit “C,” respectively, attached hereto. It is further proposed that the bonded indebtedness for Improvement Area No. 1 be increased from \$20,000,000 to \$21,000,000 and that the bonded indebtedness for Improvement Area No. 3 be increased from \$8,000,000 to \$9,000,000.

Section 4.        Hearing. A public hearing regarding the proposed changes identified in Section 3 hereof shall be held on May 6, 2025 at 6:30 p.m. in the City Council Chambers, located at City Hall, 1000 Spring Street, Paso Robles, California.

Section 5.        Description of Voting Procedures for Improvement Area No. 1. Since less than 12 persons are registered to vote within the territory of Improvement Area No. 1, pursuant to Section 53326 of the California Government Code (“Section 53326”), the vote in the special election on the changes which are proposed by this resolution with respect to Improvement Area No. 1 will be by the landowners of the property located within Improvement Area No. 1, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land that he or she owns and is subject to the special tax within Improvement Area No. 1, and the special election shall be conducted as a mail ballot election. The special election shall be conducted by the Clerk of the City Council (the “Clerk”).

The special election shall be held on the earliest date, following the conclusion of the public hearing, as may be selected by the City Council, pursuant to Section 53326, or such earlier date as the owners of land within Improvement Area No. 1 and the Clerk agree and concur is acceptable. Pursuant to Section 53326, the special election may be held earlier than 90 days following the close of the public hearing if the qualified electors of Improvement Area No. 1 waive the time limits for conducting the election set forth in Section 53326 by unanimous written consent and the Clerk concurs in such earlier election date as shall be consented to by the qualified electors. Pursuant to Section 53326, ballots for the special election shall be distributed to the qualified electors by the Clerk by mail with return postage prepaid, or by personal service, and the special election shall be conducted in conformance with the applicable requirements of Section 53326, 53327 and 53327.5 of the California Government Code. The procedures set forth in this section for conducting the special election, if it is held, may be modified as the City Council may determine to be necessary or desirable by a resolution subsequently adopted by the City Council.

Section 6.        Description of Voting Procedures for Improvement Area No. 3. Since less than 12 persons are registered to vote within the territory of Improvement Area No. 3, pursuant to Section 53326 of the California Government Code (“Section 53326”), the vote in the special election on the changes which are proposed by this resolution with respect to Improvement Area No. 3 will be by the landowners

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of the property located within Improvement Area No. 3, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land that he or she owns and is subject to the special tax within the Improvement Area No. 3, and the special election shall be conducted as a mail ballot election. The special election shall be conducted by the Clerk.

The special election shall be held on the earliest date, following the conclusion of the public hearing, as may be selected by the City Council, pursuant to Section 53326, or such earlier date as the owners of land within Improvement Area No. 3 and the Clerk agree and concur is acceptable. Pursuant to Section 53326, the special election may be held earlier than 90 days following the close of the public hearing if the qualified electors of Improvement Area No. 3 waive the time limits for conducting the election set forth in Section 53326 by unanimous written consent and the Clerk concurs in such earlier election date as shall be consented to by the qualified electors. Pursuant to Section 53326, ballots for the special election shall be distributed to the qualified electors by the Clerk by mail with return postage prepaid, or by personal service, and the special election shall be conducted in conformance with the applicable requirements of Section 53326, 53327 and 53327.5 of the California Government Code. The procedures set forth in this section for conducting the special election, if it is held, may be modified as the City Council may determine to be necessary or desirable by a resolution subsequently adopted by the City Council.

Section 7.        Description of Voting Procedures for Improvement Area No. 5. Since less than 12 persons are registered to vote within the territory of Improvement Area No. 5, pursuant to Section 53326 of the California Government Code (“Section 53326”), the vote in the special election on the changes which are proposed by this resolution with respect to Improvement Area No. 5 will be by the landowners of the property located within Improvement Area No. 5, with each landowner of record at the close of the public hearing having one vote for each acre or portion of an acre of land that he or she owns and is subject to the special tax within the Improvement Area No. 5, and the special election shall be conducted as a mail ballot election. The special election shall be conducted by the Clerk.

The special election shall be held on the earliest date, following the conclusion of the public hearing, as may be selected by the City Council, pursuant to Section 53326, or such earlier date as the owners of land within Improvement Area No. 5 and the Clerk agree and concur is acceptable. Pursuant to Section 53326, the special election may be held earlier than 90 days following the close of the public hearing if the qualified electors of Improvement Area No. 5 waive the time limits for conducting the election set forth in Section 53326 by unanimous written consent and the Clerk concurs in such earlier election date as shall be consented to by the qualified electors. Pursuant to Section 53326, ballots for the special election shall be distributed to the qualified electors by the Clerk by mail with return postage prepaid, or by personal service, and the special election shall be conducted in conformance with the applicable requirements of Section 53326, 53327 and 53327.5 of the California Government Code. The procedures set forth in this section for conducting the special election, if it is held, may be modified as the City Council may determine to be necessary or desirable by a resolution subsequently adopted by the City Council.

Section 8.        Direction to Staff. The City Council hereby directs City staff, including the City Manager, City Treasurer, and City Clerk, to take all necessary actions to implement this Resolution and carry out its intent, including preparing and distributing ballots for the special elections, causing the

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preparation of any necessary reports, and undertaking any other administrative actions necessary to effectuate the intent of this Resolution.

Section 9. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

APPROVED this 1<sup>st</sup> day of April, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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John R. Hamon, Jr. , Mayor

ATTEST:

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Melissa Boyer, City Clerk

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## EXHIBIT A

### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR IMPROVEMENT AREA NO. 1

#### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES IMPROVEMENT AREA NO. 1 OF CITY OF PASO ROBLES COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER RANCH - FACILITIES)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 ("IA No. 1") of City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) ("CFD No. 2022-1N (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2024-2025, in an amount determined by the Council, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2022-1N (IA No. 1), 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:

**"Acre"** or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2022-1N (IA No. 1): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1N (IA No. 1) or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-1N (IA No. 1) or any designee thereof of complying with City, CFD No. 2022-1N (IA No. 1), major property owner, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2022-1N (IA No. 1), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1N (IA No. 1) for any other administrative purposes of CFD No. 2022-1N (IA No. 1), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means any real property to which an Assessor's Parcel Number is

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assigned as shown on an Assessor's Parcel Map.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax"** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

**"Authorized Facilities"** means the facilities authorized to be financed by CFD No. 2022-1N.

**"Backup Special Tax"** means the Special Tax of that name described in Section C below.

**"Bonds"** means any bonds or other debt as defined in Section 53317(d) of the Act, whether in one or more series, issued by CFD No. 2022-1N for IA No. 1 under the Act.

**"Boundary Map"** means a recorded map which indicates the boundaries of CFD No. 2022-1N (IA No. 1).

**"Building Permit"** means the first legal document issued by the City giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

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

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2022-1N"** means the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities).

**"City"** means the City of Paso Robles.

**"Council"** means the City Council.

**"County"** means the County of San Luis Obispo.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property in Zone 1 and Zone 2, located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

**"Dwelling Unit"** means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, mobile home, or otherwise, excluding hotels and motels. A casita or accessory dwelling unit ("ADU") of any configuration shall not be counted as a separate Dwelling Unit for purposes of this Rate and Method of Apportionment.

**"Exempt Welfare Exemption Property"** means, for each Fiscal Year, an Assessor's Parcel that, prior to the issuance of Bonds, received a welfare exemption under subdivision

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(g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and is exempt from the Special Tax pursuant to Section 53340(c) of the Act.

**"Final Map"** means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which Building Permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

**"Final Mapped Property"** means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**"Improvement Area No. 1"** or **"IA No. 1"** means Improvement Area No. 1 of CFD No. 2022-1N.

**"Indenture"** means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Land Use Class"** means any of the categories listed in Table 1 herein.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel within CFD No. 2022-1N (IA No. 1).

**"Non-Residential Floor Area"** means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the City, as reasonably determined by the CFD Administrator.

**"Non-Residential Property"** means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel, as described in Section G.2.

**"Prepayment Amount"** means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel, as described in Section G.1.

**"Property Owner's Association"** means, collectively, any property owner association or homeowners association, including any master or sub-association, created for CFD No.

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2022-1N (IA No. 1).

**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-1N (IA No. 1) that was owned by a Property Owner Association, as of January 1 of the prior Fiscal Year.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. For Taxable Property Owner Association Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Property Owner Association Property. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property.

**“Public Property”** means, for each Fiscal Year, any property within CFD No. 2022-1N (IA No. 1) that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the City, or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**“Rate and Method of Apportionment”** means this Amended and Restated Rate and Method of Apportionment of Special Taxes, City of Paso Robles, Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities).

**“Residential Floor Area”** means all of the square footage of living area within the perimeter of a Dwelling Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit(s) issued for such Dwelling Unit.

**“Residential Property”** means Developed Property, for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds to the extent such establishment or replenishment has not been included in a computation of the Special Tax Requirement in a previous Fiscal Year; (v) pay directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Final

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Mapped Property or Undeveloped Property; and (vi) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for CFD No. 2022-1N (IA No. 1) as determined by the CFD Administrator; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

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

“**Taxable Property**” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1N (IA No. 1) which are not exempt from the Special Tax pursuant to law or Section E below.

“**Taxable Property Owner Association Property**” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“**Taxable Public Property**” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“**Total Floor Area**” means the sum of the Residential Floor Area and the Non-Residential Floor Area located on an Assessor’s Parcel.

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

“**Undeveloped Property**” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Final Mapped Property, Public Property, or Property Owner’s Association Property.

“**Zone**” means one of the two (2) mutually exclusive geographic areas defined in this Rate and Method of Apportionment.

“**Zone 1**” means the geographic area specifically identified as Zone 1 on the Boundary Map for CFD No. 2022-1N.

“**Zone 2**” means the geographic area specifically identified as Zone 2 on the Boundary Map for CFD No. 2022-1N.

## **B ASSIGNMENT TO LAND USE CLASSES**

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor’s Parcel of Taxable Property shall be assigned to a Zone and classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property. The Administrator shall also determine the Zone within which each Assessor’s Parcel is located.

Assessor’s Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall be further categorized into Land Use Classes based on its Zone and Residential Floor Area and assigned the appropriate Assigned Special Tax.

The determination of the Residential Floor Area shall be made by reference to the original Building Permit issued for the Dwelling Unit of an Assessor’s Parcel. The Building Permit may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax that may be levied on all Assessor’s Parcels of Taxable

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Property in each year will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses in each year.

## C MAXIMUM SPECIAL TAX RATE

### C.1 Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

#### C.1.a Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Residential Property or Non-Residential Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined based on the applicable Zone pursuant to Table 1A and Table 1B below.

**Table 1A: Assigned Special Tax for Developed Property (Zone 1)**

Land Use Class	Description	Assigned Special Tax
1	RESIDENTIAL PROPERTY ( $\geq$ 2,900 SF)	\$9,466 PER DWELLING UNIT
2	RESIDENTIAL PROPERTY (2,700 - 2,899 SF)	\$8,835 PER DWELLING UNIT
3	RESIDENTIAL PROPERTY (2,500 - 2,699 SF)	\$7,534 PER DWELLING UNIT
4	RESIDENTIAL PROPERTY (2,300 - 2,499 SF)	\$6,825 PER DWELLING UNIT
5	RESIDENTIAL PROPERTY (2,100 - 2,299 SF)	\$6,659 PER DWELLING UNIT
6	RESIDENTIAL PROPERTY (1,900 - 2,099 SF)	\$5,840 PER DWELLING UNIT
7	RESIDENTIAL PROPERTY (1,700 - 1,899 SF)	\$5,713 PER DWELLING UNIT
8	RESIDENTIAL PROPERTY ( $<$ 1,700 SF)	\$5,438 PER DWELLING UNIT
9	NON-RESIDENTIAL PROPERTY	\$44,270 PER ACRE

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**Table 1B: Assigned Special Tax for Developed Property (Zone 2)**

Land Use Class	Description	Assigned Special Tax
10	RESIDENTIAL PROPERTY ( $\geq$ 2,100 SF)	\$5,721 PER DWELLING UNIT
11	RESIDENTIAL PROPERTY (1,850 - 2,099 SF)	\$5,635 PER DWELLING UNIT
12	RESIDENTIAL PROPERTY (1,600 - 1,849 SF)	\$5,272 PER DWELLING UNIT
13	RESIDENTIAL PROPERTY ( $<$ 1,600 SF)	\$4,996 PER DWELLING UNIT
14	NON-RESIDENTIAL PROPERTY	\$73,163 PER ACRE

### C.1.b Backup Special Tax

The Backup Special Tax for an Assessor's Parcel of Developed Property shall be calculated independently for each Zone. The aggregate Backup Special Tax attributable to property within a Final Map within a Zone shall be determined by multiplying the Acreage of all Taxable Property located within such Zone, excluding Acreage associated with current or expected Non-Residential Property, Taxable Public Property and Taxable Property Owner Association Property, if any, in such Final Map, by the amount shown in Table 2 below for such Zone and dividing the product by the total number of Dwelling Units expected to be constructed within such Zone.

**Table 2: Backup Special Tax**

Zone	Backup Special Tax
1	\$44,270 PER ACRE
2	\$73,163 PER ACRE

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Taxable Public Property, and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Map.

### C.2 Final Mapped Property

The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property expected

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to be classified as Residential Property shall be the Backup Special Tax computed pursuant to Section C.1.b above.

### ***C.3 Undeveloped Property, Taxable Property Owner Association Property, and/or Taxable Public Property.***

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property in each Zone shall be equal to the amount shown in Table 3.

**Table 3: Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and/or Taxable Public Property by Zone**

<b>Zone</b>	<b>Maximum Special Tax</b>
1	\$44,270 PER ACRE
2	\$73,163 PER ACRE

### ***C.4 Multiple Land Use Classes***

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The annual Maximum Special Taxes levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel. If an Assessor's Parcel of Developed Property includes Non-Residential Property, the Acreage to be assigned to such property for purposes of establishing the Special Tax shall be an amount proportional to the Total Floor Area associated with Non-Residential Property, as applicable. Furthermore, for a condominium plan, if only a portion of its Building Permits have been issued, the remaining portion of the condominium plan shall be considered Final Mapped Property. The CFD Administrator's allocation to each type of property shall be final.

## **D APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2024-2025 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property within all Zones up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the

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first three steps have been completed, the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **E EXEMPTIONS**

No Special Tax shall be levied on Acres of Property Owner Association Property or Public Property in Zone 1 and Zone 2 of CFD No. 2022-1N (IA No. 1) provided that an Assessor's Parcel shall not be exempt and shall be classified as Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property in Zone 1 to less than 8.4 Acres and sum of all Taxable Property in Zone 2 to less than 11.7 Acres. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which such Assessor's Parcels or portions thereof within each Zone of CFD No. 2022-1N (IA No. 1) become Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step and sixth step in Section D above, respectively, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

In addition, no Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

## **F APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet

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with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the clerk of the Council, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

## **G PREPAYMENT**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$16,000,000 or such lower amount (i) authorized by the Council to provide the public facilities to be funded under CFD No. 2022-1N (IA No. 1), or (ii) determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by the Special Tax levied under this Rate and Method of Apportionment.

**"Construction Fund"** means a fund held by the Trustee to fund CFD Public Facilities.

**"Future Facilities Cost"** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**"Outstanding Bonds"** means all previously issued Bonds secured by the levy of the Special Tax 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 prior prepayments of the Special Tax.

### ***G.1 Prepayment in Full***

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not exempt pursuant to Section E. The Maximum Special Tax obligation applicable to an Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-1N (IA No. 1) in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than

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60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

Prepayment Amount	
<hr/>	
	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
<hr/>	
Total:	equals Special Tax Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Cost.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined

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pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel, which amount shall not be less than \$0 (the "Future Facilities Amount").

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2022-1N (IA No. 1), including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, the capitalized interest credit (the "Capitalized Interest Credit") shall be calculated by multiplying the quotient derived pursuant to paragraph 3 by the expected balance in the capitalized interest account after such first interest payment.
15. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit, less the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by

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The Prepayment Amount may not be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

## ***G.2 Prepayment in Part***

The Maximum Special Tax obligation for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not exempt pursuant to Section E, may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP = The partial prepayment;

P<sub>E</sub> = The Prepayment Amount calculated according to Section G.1;

F = The percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax obligation; and

A = The Administrative Fees and Expenses determined pursuant to Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-

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1N (IA No. 1) in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 2022-1N (IA No. 1) that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of Special Tax obligation will continue on the Assessor's Parcel pursuant to Section D.

## H SPECIAL TAX REDUCTION

The following definitions apply to this Section H:

**"Base Price"** means, with respect to the Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Dwelling Units, estimated by the Price Point Consultant as of such date, based upon their actual or expected characteristics, such as living area, view, or lot size, but excluding potential appreciation or premiums, options or upgrades.

**"Plan Type"** means a discrete residential plan type generally consisting of residential Dwelling Units that share a common product type (e.g., detached, attached) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1N (IA No. 1) as identified in the Price Point Study.

**"Price Point Consultant"** means any consultant or firm of such consultants selected by CFD No. 2022-1N (IA No. 1) that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Dwelling Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Dwelling Units in community facilities districts, (c) is independent and not under the control of CFD No. 2022-1N (IA No. 1), the City, or the developer, (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1N (IA No. 1), the City, any owner of real property in CFD No. 2022-1N (IA No. 1), or any real property in CFD No. 2022-1N (IA No. 1), and (e) is not connected with CFD No. 2022-1N (IA No. 1) or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1N (IA No. 1) or the County.

**"Price Point Study"** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1N (IA No. 1), (c) sets forth the estimated number of constructed and expected Dwelling Units for each Plan Type, (d) sets forth estimates of the Base Price for each Plan Type and (e) uses a date for establishing such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein.

**"Total Effective Tax Rate"** means, for a Plan Type, (a) the Total Tax Burden for such Plan Type divided by (b) the Base Price for such Plan Type, converted to a percentage.

**"Total Effective Tax Rate Limit"** means 1.90%.

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**“Total Tax Burden”** means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Dwelling Units of such Plan Type in CFD No. 2022-1N (IA No. 1) in such Fiscal Year or that would have been levied on all such Dwelling Units had these Dwelling Units been subject to such levies (excluding homeowner’s association dues and Property Assessed Clean Energy (“PACE”) charges imposed pursuant to AB 811 or SB 555, that are levied on individual Assessor’s Parcels, or any other charges applicable to the Assessor’s Parcels initiated by the homeowner after the close of escrow).

Prior to the issuance of a second series of Bonds (or the first series of Bonds, if such series is the final series of Bonds, as determined by the City), the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 1) for evaluating the Special Tax:

Step No.:

1. At least 30 days prior to the issuance of Bonds, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1N (IA No. 1).
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 1), the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in CFD No. 2022-1N (IA No. 1) is less than or equal to the Total Effective Tax Rate Limit, then there shall be no reduction in Special Tax for such Land Use Class in CFD No. 2022-1N (IA No. 1).
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in CFD No. 2022-1N (IA No. 1) is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax for that Land Use Class in CFD No. 2022-1N (IA No. 1), such that the revised Assigned Special Tax does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit.
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit “A” hereto and shall deliver such Certificate to Amend the Special Tax to CFD No. 2022-1N (IA No. 1). The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3.a. A reduction to the Assigned Special Tax

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in one Land Use Class shall not require a reduction in any other Land Use Class.

5. If the anticipated date of issuance of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1N (IA No. 1) shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such Bonds, the Assigned Special Tax for each Land Use Class shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1N (IA No. 1) and shall, as of such date, be void and of no further force and effect. In such case, if subsequently Bonds are expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
6. After the execution by CFD No. 2022-1N (IA No. 1) of the acknowledgement on the Certificate to Amend the Special Tax, CFD No. 2022-1N (IA No. 1) shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 1) reflecting the Assigned Special Tax for CFD No. 2022-1N (IA No. 1) set forth in such Certificate to Amend the Special Tax.
7. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Assigned Special Tax and no Certificate to Amend the Special Tax shall be required.

## **I MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2022-1N (IA No. 1) may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **J TERM OF SPECIAL TAX**

The Special Taxes shall be levied until the final series of Bonds have matured, provided that the Special Taxes shall not be levied after Fiscal Year 2073-2074. The Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the Bonds have been paid, no delinquent Special Taxes remain uncollected, and the City has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

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**EXHIBIT A**  
**CERTIFICATE TO AMEND THE SPECIAL TAX**  
**IMPROVEMENT AREA NO. 1**  
**OF THE CITY OF PASO ROBLES**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER**  
**RANCH - FACILITIES)**  
**TAX REDUCTION CERTIFICATE**

1. Pursuant to Section H of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of San Luis Obispo as Instrument No. XXXXXX on MM/DD/YYYY, the City of Paso Robles (the "City") hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2022-1N (IA No. 1) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2022-1N (IA No. 1).
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2022-1N (IA No. 1) shall be amended and restated in full as follows:

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**Table A-1A: Assigned Special Tax for Developed Property (Zone 1)**

Land Use Class	Description	Assigned Special Tax
1	RESIDENTIAL PROPERTY (>= 2,900 SF)	[\$ ] PER DWELLING UNIT
2	RESIDENTIAL PROPERTY (2,700 - 2,899 SF)	[\$ ] PER DWELLING UNIT
3	RESIDENTIAL PROPERTY (2,500 - 2,699 SF)	[\$ ] PER DWELLING UNIT
4	RESIDENTIAL PROPERTY (2,300 - 2,499 SF)	[\$ ] PER DWELLING UNIT
5	RESIDENTIAL PROPERTY (2,100 - 2,299 SF)	[\$ ] PER DWELLING UNIT
6	RESIDENTIAL PROPERTY (1,900 - 2,099 SF)	[\$ ] PER DWELLING UNIT
7	RESIDENTIAL PROPERTY (1,700 - 1,899 SF)	[\$ ] PER DWELLING UNIT
8	RESIDENTIAL PROPERTY (< 1,700 SF)	[\$ ] PER DWELLING UNIT
9	NON-RESIDENTIAL PROPERTY	\$44,270 PER ACRE

**Table A-1B: Assigned Special Tax for Developed Property (Zone 2)**

Land Use Class	Description	Assigned Special Tax
10	RESIDENTIAL PROPERTY (>= 2,100 SF)	[\$ ] PER DWELLING UNIT
11	RESIDENTIAL PROPERTY (1,850 - 2,099 SF)	[\$ ] PER DWELLING UNIT
12	RESIDENTIAL PROPERTY (1,600 - 1,849 SF)	[\$ ] PER DWELLING UNIT
13	RESIDENTIAL PROPERTY (< 1,600 SF)	[\$ ] PER DWELLING UNIT
14	NON-RESIDENTIAL PROPERTY	\$73,163 PER ACRE

4. Upon execution of the certificate by the City and CFD No. 2022-1N (IA No. 1), the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 1) to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date: \_\_\_\_\_

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By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2022-1N (IA No. 1), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 1 of Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) of the City of Paso Robles.

By: \_\_\_\_\_ Date as of: \_\_\_\_\_

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## EXHIBIT B

### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR IMPROVEMENT AREA NO. 3

#### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES IMPROVEMENT AREA NO. 3 OF CITY OF PASO ROBLES COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER RANCH - FACILITIES)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 3 ("IA No. 3") of City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) ("CFD No. 2022-1N (IA No. 3)") and collected each Fiscal Year commencing in Fiscal Year 2024-2025, in an amount determined by the Council, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2022-1N (IA No. 3), 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:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2022-1N (IA No. 3): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1N (IA No. 3) or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-1N (IA No. 3) or any designee thereof of complying with City, CFD No. 2022-1N (IA No. 3), major property owner, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2022-1N (IA No. 3), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1N (IA No. 3) for any other administrative purposes of CFD No. 2022-1N (IA No. 3), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means any real property to which an Assessor's Parcel Number is

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assigned as shown on an Assessor's Parcel Map.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax"** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

**"Authorized Facilities"** means the facilities authorized to be financed by CFD No. 2022-1N.

**"Backup Special Tax"** means the Special Tax of that name described in Section C below.

**"Bonds"** means any bonds or other debt as defined in Section 53317(d) of the Act, whether in one or more series, issued by CFD No. 2022-1N for IA No. 3 under the Act.

**"Boundary Map"** means a recorded map which indicates the boundaries of CFD No. 2022-1N (IA No. 3).

**"Building Permit"** means the first legal document issued by the City giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

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

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2022-1N"** means the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities).

**"City"** means the City of Paso Robles.

**"Council"** means the City Council.

**"County"** means the County of San Luis Obispo.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

**"Dwelling Unit"** means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, mobile home, or otherwise, excluding hotels and motels. A casita or accessory dwelling unit ("ADU") of any configuration shall not be counted as a separate Dwelling Unit for purposes of this Rate and Method of Apportionment.

**"Exempt Welfare Exemption Property"** means, for each Fiscal Year, an Assessor's Parcel that, prior to the issuance of Bonds, received a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute),

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as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and is exempt from the Special Tax pursuant to Section 53340(c) of the Act.

**"Final Map"** means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which Building Permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

**"Final Mapped Property"** means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**"Improvement Area No. 3"** or **"IA No. 3"** means Improvement Area No. 3 of CFD No. 2022-1N.

**"Indenture"** means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Land Use Class"** means any of the categories listed in Table 1 herein.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel within CFD No. 2022-1N (IA No. 3).

**"Non-Residential Floor Area"** means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the City, as reasonably determined by the CFD Administrator.

**"Non-Residential Property"** means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel, as described in Section G.2.

**"Prepayment Amount"** means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel, as described in Section G.1.

**"Property Owner's Association"** means, collectively, any property owner association or homeowners association, including any master or sub-association, created for CFD No. 2022-1N (IA No. 3).

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**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-1N (IA No. 3) that was owned by a Property Owner Association, as of January 1 of the prior Fiscal Year.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. For Taxable Property Owner Association Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Property Owner Association Property. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property.

**“Public Property”** means, for each Fiscal Year, any property within CFD No. 2022-1N (IA No. 3) that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the City, or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**“Rate and Method of Apportionment”** means this Amended and Restated Rate and Method of Apportionment of Special Taxes, City of Paso Robles, Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities).

**“Residential Floor Area”** means all of the square footage of living area within the perimeter of a Dwelling Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit(s) issued for such Dwelling Unit.

**“Residential Property”** means Developed Property, for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds to the extent such establishment or replenishment has not been included in a computation of the Special Tax Requirement in a previous Fiscal Year; (v) pay directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; and (vi) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for CFD No. 2022-1N (IA No.

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3) as determined by the CFD Administrator; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

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

“**Taxable Property**” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1N (IA No. 3) which are not exempt from the Special Tax pursuant to law or Section E below.

“**Taxable Property Owner Association Property**” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“**Taxable Public Property**” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“**Total Floor Area**” means the sum of the Residential Floor Area and the Non-Residential Floor Area located on an Assessor’s Parcel.

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

“**Undeveloped Property**” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Final Mapped Property, Public Property, or Property Owner’s Association Property.

## **B ASSIGNMENT TO LAND USE CLASSES**

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property.

Assessor’s Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall be further categorized into Land Use Classes based on its Residential Floor Area and assigned the appropriate Assigned Special Tax.

The determination of the Residential Floor Area shall be made by reference to the original Building Permit issued for the Dwelling Unit of an Assessor’s Parcel. The Building Permit may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax that may be levied on all Assessor’s Parcels of Taxable Property in each year will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses in each year.

## **C MAXIMUM SPECIAL TAX RATE**

### ***C.1 Developed Property***

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

#### **C.1.a Assigned Special Tax**

Each Fiscal Year, each Assessor’s Parcel of Residential Property or Non-Residential

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Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 below.

**Table 1: Assigned Special Tax for Developed Property**

Land Use Class	Description	Assigned Special Tax
1	RESIDENTIAL PROPERTY ( $\geq$ 1,400 SF)	\$4,538 PER DWELLING
2	RESIDENTIAL PROPERTY (1,300 - 1,399)	\$4,381 PER DWELLING
3	RESIDENTIAL PROPERTY ( $<$ 1,300 SF)	\$4,223 PER DWELLING
4	NON-RESIDENTIAL PROPERTY	\$90,993 PER ACRE

### C.1.b Backup Special Tax

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Map shall be computed by multiplying the Acreage of all Taxable Property (excluding Acreage associated with current or expected Non-Residential Property, Taxable Public Property, or Taxable Property Owner Association Property, if any) in such Final Map by \$90,993, and dividing the product by the number of such Assessor's Parcels (i.e., the number of residential lots) in such Final Map.

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Non-Residential Property, Taxable Public Property, and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Map.

### C.2 Final Mapped Property

The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property expected to be classified as Residential Property shall be the Backup Special Tax computed pursuant to Section C.1.b above.

### C.3 Undeveloped Property, Taxable Property Owner Association Property, and/or Taxable Public Property.

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property shall be \$90,993 per Acre.

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## **C.4 Multiple Land Use Classes**

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The annual Maximum Special Taxes levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel. If an Assessor's Parcel of Developed Property includes Non-Residential Property, the Acreage to be assigned to such property for purposes of establishing the Special Tax shall be an amount proportional to the Total Floor Area associated with Non-Residential Property, as applicable. Furthermore, for a condominium plan, if only a portion of its Building Permits have been issued, the remaining portion of the condominium plan shall be considered Final Mapped Property. The CFD Administrator's allocation to each type of property shall be final.

## **D APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2024-2025 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

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Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **E EXEMPTIONS**

No Special Tax shall be levied on Property Owner Association Property or Public Property in CFD No. 2022-1N (IA No. 3), provided that an Assessor's Parcel shall not be exempt and shall be classified as Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property to less than 6.1 Acres. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which such Assessor's Parcels or portions thereof in CFD No. 2022-1N (IA No. 3) become Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step and sixth step in Section D above, respectively, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

In addition, no Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

## **F APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the clerk of the Council, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

## **G PREPAYMENT**

The following additional definitions apply to this Section G:

**"CFD Public Facilities"** means \$6,900,000 or such lower amount (i) authorized by the Council to provide the public facilities to be funded under CFD No. 2022-1N (IA No. 3), or (ii) determined by the Council concurrently with a covenant that it will not issue any

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more Bonds to be supported by the Special Tax levied under this Rate and Method of Apportionment.

“**Construction Fund**” means a fund held by the Trustee to fund CFD Public Facilities.

“**Future Facilities Cost**” means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

“**Outstanding Bonds**” means all previously issued Bonds secured by the levy of the Special Tax 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 prior prepayments of the Special Tax.

## ***G.1 Prepayment in Full***

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not exempt pursuant to Section E. The Maximum Special Tax obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-1N (IA No. 3) in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

Prepayment Amount	
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	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
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Total: equals Special Tax Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Cost.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel, which amount shall not be less than \$0 (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

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12. Verify the administrative fees and expenses of CFD No. 2022-1N (IA No. 3), including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, the capitalized interest credit (the "Capitalized Interest Credit") shall be calculated by multiplying the quotient derived pursuant to paragraph 3 by the expected balance in the capitalized interest account after such first interest payment.
15. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit, less the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2022-1N (IA No. 3).

The Prepayment Amount may not be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on all Assessor's Parcels of Taxable

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Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

## **G.2 Prepayment in Part**

The Maximum Special Tax obligation for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not exempt pursuant to Section E, may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

- PP = The partial prepayment;
- P<sub>E</sub> = The Prepayment Amount calculated according to Section G.1;
- F = The percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax obligation; and
- A = The Administrative Fees and Expenses determined pursuant to Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-1N (IA No. 3) in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 2022-1N (IA No. 3) that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of Special Tax obligation will continue on the Assessor's Parcel pursuant to Section D.

## **H SPECIAL TAX REDUCTION**

The following definitions apply to this Section H:

**"Base Price"** means, with respect to the Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Dwelling Units, estimated by the Price Point Consultant as of such date, based upon their actual or expected

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characteristics, such as living area, view, or lot size, but excluding potential appreciation or premiums, options or upgrades.

**“Plan Type”** means a discrete residential plan type generally consisting of residential Dwelling Units that share a common product type (e.g., detached, attached) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1N (IA No. 3) as identified in the Price Point Study.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 2022-1N (IA No. 3) that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Dwelling Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Dwelling Units in community facilities districts, (c) is independent and not under the control of CFD No. 2022-1N (IA No. 3), the City, or the developer, (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1N (IA No. 3), the City, any owner of real property in CFD No. 2022-1N (IA No. 3), or any real property in CFD No. 2022-1N (IA No. 3), and (e) is not connected with CFD No. 2022-1N (IA No. 3) or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1N (IA No. 3) or the County.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1N (IA No. 3), (c) sets forth the estimated number of constructed and expected Dwelling Units for each Plan Type, (d) sets forth estimates of the Base Price for each Plan Type and (e) uses a date for establishing such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein.

**“Total Effective Tax Rate”** means, for a Plan Type, (a) the Total Tax Burden for such Plan Type divided by (b) the Base Price for such Plan Type, converted to a percentage.

**“Total Effective Tax Rate Limit”** means, 1.90%.

**“Total Tax Burden”** means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Dwelling Units of such Plan Type in CFD No. 2022-1N (IA No. 3) in such Fiscal Year or that would have been levied on all such Dwelling Units had these Dwelling Units been subject to such levies (excluding homeowner’s association dues and Property Assessed Clean Energy (“PACE”) charges imposed pursuant to AB 811 or SB 555, that are levied on individual Assessor’s Parcels, or any other charges applicable to the Assessor’s Parcels initiated by the homeowner after the close of escrow).

Prior to the issuance of a second series of Bonds (or the first series of Bonds, if such series is the final series of Bonds, as determined by the City), the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 3) for evaluating the Special Tax:

Step No.:

1. At least 30 days prior to the issuance of Bonds, a Price Point Study shall be

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completed and delivered to the CFD Administrator.

2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1N (IA No. 3).
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 3), the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in CFD No. 2022-1N (IA No. 3) is less than or equal to the Total Effective Tax Rate Limit, then there shall be no reduction in Special Tax for such Land Use Class in CFD No. 2022-1N (IA No. 3).
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in CFD No. 2022-1N (IA No. 3) is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax for that Land Use Class in CFD No. 2022-1N (IA No. 3), such that the revised Assigned Special Tax does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit.
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to Amend the Special Tax to CFD No. 2022-1N (IA No. 3). The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3.a. A reduction to the Assigned Special Tax in one Land Use Class shall not require a reduction in any other Land Use Class.
5. If the anticipated date of issuance of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1N (IA No. 3) shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such Bonds, the Assigned Special Tax for each Land Use Class shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1N (IA No. 3) and shall, as of such date, be void and of no further force and effect. In such case, if subsequently Bonds are expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
6. After the execution by CFD No. 2022-1N (IA No. 3) of the acknowledgement on the Certificate to Amend the Special Tax, CFD No. 2022-1N (IA No. 3) shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 3) reflecting the Assigned Special Tax for

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CFD No. 2022-1N (IA No. 3) set forth in such Certificate to Amend the Special Tax.

7. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Assigned Special Tax and no Certificate to Amend the Special Tax shall be required.

## **I MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2022-1N (IA No. 3) may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **J TERM OF SPECIAL TAX**

The Special Taxes shall be levied until the final series of Bonds have matured, provided that the Special Taxes shall not be levied after Fiscal Year 2073-2074. The Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the Bonds have been paid, no delinquent Special Taxes remain uncollected, and the City has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

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**EXHIBIT A**  
**CERTIFICATE TO AMEND THE SPECIAL TAX**  
**IMPROVEMENT AREA NO. 3**  
**OF THE CITY OF PASO ROBLES**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER**  
**RANCH - FACILITIES)**  
**TAX REDUCTION CERTIFICATE**

1. Pursuant to Section H of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of San Luis Obispo as Instrument No. XXXXXX on MM/DD/YYYY, the City of Paso Robles (the "City") hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2022-1N (IA No. 3) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2022-1N (IA No. 3).
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2022-1N (IA No. 3) shall be amended and restated in full as follows:

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**Table A-1: Assigned Special Tax for Developed Property**

Land Use Class	Residential Floor Area	Assigned Special Tax
1	RESIDENTIAL PROPERTY ( $\geq$ 1,400	[\$ ] PER DWELLING
2	RESIDENTIAL PROPERTY (1,300 -	[\$ ] PER DWELLING
3	RESIDENTIAL PROPERTY ( $<$ 1,300	[\$ ] PER DWELLING
4	NON-RESIDENTIAL PROPERTY	\$90,993 PER ACRE

4. Upon execution of the certificate by the City and CFD No. 2022-1N (IA No. 3), the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 3) to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2022-1N (IA No. 3), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 3 of Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) of the City of Paso Robles.

By: \_\_\_\_\_ Date as of: \_\_\_\_\_

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## EXHIBIT C

### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR IMPROVEMENT AREA NO. 5

#### AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES IMPROVEMENT AREA NO. 5 OF CITY OF PASO ROBLES COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER RANCH - FACILITIES)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 5 ("IA No. 5") of City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) ("CFD No. 2022-1N (IA No. 5)") and collected each Fiscal Year commencing in Fiscal Year 2024-2025, in an amount determined by the Council, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2022-1N (IA No. 5), 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:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2022-1N (IA No. 5): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1N (IA No. 5) or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2022-1N (IA No. 5) or any designee thereof of complying with City, CFD No. 2022-1N (IA No. 5), major property owner, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2022-1N (IA No. 5), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1N (IA No. 5) for any other administrative purposes of CFD No. 2022-1N (IA No. 5), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means any real property to which an Assessor's Parcel Number is

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assigned as shown on an Assessor's Parcel Map.

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

**"Assessor's Parcel Number"** means that number assigned to an Assessor's Parcel by the County for purposes of identification.

**"Assigned Special Tax"** means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

**"Authorized Facilities"** means the facilities authorized to be financed by CFD No. 2022-1N.

**"Backup Special Tax"** means the Special Tax of that name described in Section C below.

**"Bonds"** means any bonds or other debt as defined in Section 53317(d) of the Act, whether in one or more series, issued by CFD No. 2022-1N for IA No. 5 under the Act.

**"Boundary Map"** means a recorded map which indicates the boundaries of CFD No. 2022-1N (IA No. 5).

**"Building Permit"** means the first legal document issued by the City giving official permission for the construction of a building on an Assessor's Parcel. For purposes of this definition and application of the Special Tax, "Building Permit" may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

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

**"CFD Administrator"** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2022-1N"** means the City of Paso Robles Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch – Facilities).

**"City"** means the City of Paso Robles.

**"Council"** means the City Council.

**"County"** means the County of San Luis Obispo.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property located within a Final Map that was recorded as of January 1 of the prior Fiscal Year, for which a Building Permit was issued prior to May 1 of the prior Fiscal Year.

**"Dwelling Unit"** means one residential unit of any configuration, including, but not limited to, a single-family attached or detached dwelling, condominium, mobile home, or otherwise, excluding hotels and motels. A casita or accessory dwelling unit ("ADU") of any configuration shall not be counted as a separate Dwelling Unit for purposes of this Rate and Method of Apportionment.

**"Exempt Welfare Exemption Property"** means, for each Fiscal Year, an Assessor's Parcel that, prior to the issuance of Bonds, received a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute),

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as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and is exempt from the Special Tax pursuant to Section 53340(c) of the Act.

**"Final Map"** means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which Building Permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels.

**"Final Mapped Property"** means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied; and (ii) for which a Building Permit has not been issued on or before May 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**"Improvement Area No. 5"** or **"IA No. 5"** means Improvement Area No. 5 of CFD No. 2022-1N.

**"Indenture"** means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**"Land Use Class"** means any of the categories listed in Table 1 herein.

**"Maximum Special Tax"** means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel within CFD No. 2022-1N (IA No. 5).

**"Non-Residential Floor Area"** means the total building square footage of the non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, public restrooms, lighted courts, vehicle parking and areas incident thereto, and mechanical equipment incidental to the operation of such building. The determination of Non-Residential Floor Area shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel and/or to the appropriate records kept by the City, as reasonably determined by the CFD Administrator.

**"Non-Residential Property"** means all Assessor's Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor's Parcel is Non-Residential Property.

**"Outstanding Bonds"** means all Bonds which are deemed to be outstanding under the Indenture.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel, as described in Section G.2.

**"Prepayment Amount"** means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel, as described in Section G.1.

**"Property Owner's Association"** means, collectively, any property owner association or homeowners association, including any master or sub-association, created for CFD No. 2022-1N (IA No. 5).

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**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2022-1N (IA No. 5) that was owned by a Property Owner Association, as of January 1 of the prior Fiscal Year.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. For Taxable Property Owner Association Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Property Owner Association Property. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Taxable Public Property.

**“Public Property”** means, for each Fiscal Year, any property within CFD No. 2022-1N (IA No. 5) that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the City, or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**“Rate and Method of Apportionment”** means this Amended and Restated Rate and Method of Apportionment of Special Taxes, City of Paso Robles, Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities).

**“Residential Floor Area”** means all of the square footage of living area within the perimeter of a Dwelling Unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit(s) issued for such Dwelling Unit.

**“Residential Property”** means Developed Property, for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

**“Special Tax”** means a special tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds to the extent such establishment or replenishment has not been included in a computation of the Special Tax Requirement in a previous Fiscal Year; (v) pay directly for the acquisition or construction of Authorized Facilities to the extent that inclusion of such amount does not increase the Special Tax levy on Final Mapped Property or Undeveloped Property; and (vi) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for CFD No. 2022-1N (IA No.

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5) as determined by the CFD Administrator; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

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

“**Taxable Property**” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1N (IA No. 5) which are not exempt from the Special Tax pursuant to law or Section E below.

“**Taxable Property Owner Association Property**” means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“**Taxable Public Property**” means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

“**Total Floor Area**” means the sum of the Residential Floor Area and the Non-Residential Floor Area located on an Assessor’s Parcel.

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

“**Undeveloped Property**” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Final Mapped Property, Public Property, or Property Owner’s Association Property.

## **B ASSIGNMENT TO LAND USE CLASSES**

Each Fiscal Year, beginning with Fiscal Year 2024-2025, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Public Property and/or Property Owner’s Association Property.

Assessor’s Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall be further categorized into Land Use Classes based on its Residential Floor Area and assigned the appropriate Assigned Special Tax.

The determination of the Residential Floor Area shall be made by reference to the original Building Permit issued for the Dwelling Unit of an Assessor’s Parcel. The Building Permit may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the City after the original issuance, as determined by the CFD Administrator as necessary to fairly allocate Special Tax to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax that may be levied on all Assessor’s Parcels of Taxable Property in each year will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses in each year.

## **C MAXIMUM SPECIAL TAX RATE**

### ***C.1 Developed Property***

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

#### **C.1.a Assigned Special Tax**

Each Fiscal Year, each Assessor’s Parcel of Residential Property or Non-Residential

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Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 below.

**Table 1: Assigned Special Tax for Developed Property**

Land Use Class	Description	Assigned Special Tax
1	RESIDENTIAL PROPERTY ( $\geq$ 2,900 SF)	\$9,465 PER DWELLING
2	RESIDENTIAL PROPERTY (2,700 - 2,899)	\$8,834 PER DWELLING
3	RESIDENTIAL PROPERTY (2,500 - 2,699)	\$7,534 PER DWELLING
4	RESIDENTIAL PROPERTY (2,300 - 2,499)	\$6,824 PER DWELLING
5	RESIDENTIAL PROPERTY (2,100 - 2,299)	\$6,659 PER DWELLING
6	RESIDENTIAL PROPERTY (1,900 - 2,099)	\$5,839 PER DWELLING
7	RESIDENTIAL PROPERTY (1,700 - 1,899)	\$5,713 PER DWELLING
8	RESIDENTIAL PROPERTY ( $<$ 1,700 SF)	\$5,437 PER DWELLING
9	NON-RESIDENTIAL PROPERTY	\$44,176 PER ACRE

## C.1.b Backup Special Tax

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Map shall be computed by multiplying the Acreage of all Taxable Property (excluding Acreage associated with current or expected Non-Residential Property, Taxable Public Property, or Taxable Property Owner Association Property, if any) in such Final Map by \$44,176, and dividing the product by the number of such Assessor's Parcels (i.e., the number of residential lots) in such Final Map.

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Non-Residential Property, Taxable Public Property, and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Map.

## C.2 Final Mapped Property

The Maximum Special Tax for each Assessor's Parcel of Final Mapped Property expected to be classified as Residential Property shall be the Backup Special Tax computed pursuant to Section C.1.b above.

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### ***C.3 Undeveloped Property, Taxable Property Owner Association Property, and/or Taxable Public Property.***

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property shall be \$44,176 per Acre.

### ***C.4 Multiple Land Use Classes***

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The annual Maximum Special Taxes levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes for all Land Use Classes located on that Assessor's Parcel. If an Assessor's Parcel of Developed Property includes Non-Residential Property, the Acreage to be assigned to such property for purposes of establishing the Special Tax shall be an amount proportional to the Total Floor Area associated with Non-Residential Property, as applicable. Furthermore, for a condominium plan, if only a portion of its Building Permits have been issued, the remaining portion of the condominium plan shall be considered Final Mapped Property. The CFD Administrator's allocation to each type of property shall be final.

## **D APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2024-2025 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Mapped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the

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Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **E EXEMPTIONS**

No Special Tax shall be levied on Property Owner Association Property or Public Property in CFD No. 2022-1N (IA No. 5), provided that an Assessor's Parcel shall not be exempt and shall be classified as Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property to less than 15.6 Acres. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which such Assessor's Parcels or portions thereof in CFD No. 2022-1N (IA No. 5) become Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Property Owner Association Property or Public Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step and sixth step in Section D above, respectively, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

In addition, no Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

## **F APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the clerk of the Council, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying

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any vagueness or ambiguity in this Rate and Method of Apportionment.

## **G PREPAYMENT**

The following additional definitions apply to this Section G:

**“CFD Public Facilities”** means \$8,700,000 or such lower amount (i) authorized by the Council to provide the public facilities to be funded under CFD No. 2022-1N (IA No. 5), or (ii) determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by the Special Tax levied under this Rate and Method of Apportionment.

**“Construction Fund”** means a fund held by the Trustee to fund CFD Public Facilities.

**“Future Facilities Cost”** means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

**“Outstanding Bonds”** means all previously issued Bonds secured by the levy of the Special Tax 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 prior prepayments of the Special Tax.

### ***G.1 Prepayment in Full***

The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor’s Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor’s Parcels of Public Property or Property Owner’s Association Property that are not exempt pursuant to Section E. The Maximum Special Tax obligation applicable to an Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-1N (IA No. 5) in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

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Prepayment Amount

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Bond Redemption Amount

plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit

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Total: equals Special Tax Prepayment Amount

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax for the Assessor's Parcel.
3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Cost.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel, which amount shall not be less than \$0 (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the

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earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from the Prepayment Amount.

9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2022-1N (IA No. 5), including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the Prepayment Amount, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the Prepayment Amount from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest payment following the current Fiscal Year, the capitalized interest credit (the "Capitalized Interest Credit") shall be calculated by multiplying the quotient derived pursuant to paragraph 3 by the expected balance in the capitalized interest account after such first interest payment.
15. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit, less the Capitalized Interest Credit.
16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2022-1N (IA No. 5).

The Prepayment Amount may not be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax

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prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax obligation and the release of the Special Tax lien for the Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

## **G.2 Prepayment in Part**

The Maximum Special Tax obligation for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has been issued, (iii) Assessor's Parcels of Final Mapped Property or Undeveloped Property for which a Building Permit has not been issued; and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not exempt pursuant to Section E, may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

- PP = The partial prepayment;
- P<sub>E</sub> = The Prepayment Amount calculated according to Section G.1;
- F = The percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax obligation; and
- A = The Administrative Fees and Expenses determined pursuant to Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax obligation, (ii) the percentage of the Maximum Special Tax obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2022-1N (IA No. 5) in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment Amount.

With respect to any Assessor's Parcel for which the Maximum Special Tax obligation is

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partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 2022-1N (IA No. 5) that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of Special Tax obligation will continue on the Assessor's Parcel pursuant to Section D.

## H SPECIAL TAX REDUCTION

The following definitions apply to this Section H:

**"Base Price"** means, with respect to the Dwelling Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Dwelling Units, estimated by the Price Point Consultant as of such date, based upon their actual or expected characteristics, such as living area, view, or lot size, but excluding potential appreciation or premiums, options or upgrades.

**"Plan Type"** means a discrete residential plan type generally consisting of residential Dwelling Units that share a common product type (e.g., detached, attached) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1N (IA No. 5) as identified in the Price Point Study.

**"Price Point Consultant"** means any consultant or firm of such consultants selected by CFD No. 2022-1N (IA No. 5) that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Dwelling Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Dwelling Units in community facilities districts, (c) is independent and not under the control of CFD No. 2022-1N (IA No. 5), the City, or the developer, (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1N (IA No. 5), the City, any owner of real property in CFD No. 2022-1N (IA No. 5), or any real property in CFD No. 2022-1N (IA No. 5), and (e) is not connected with CFD No. 2022-1N (IA No. 5) or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1N (IA No. 5) or the County.

**"Price Point Study"** means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1N (IA No. 5), (c) sets forth the estimated number of constructed and expected Dwelling Units for each Plan Type, (d) sets forth estimates of the Base Price for each Plan Type and (e) uses a date for establishing such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein.

**"Total Effective Tax Rate"** means, for a Plan Type, (a) the Total Tax Burden for such Plan Type divided by (b) the Base Price for such Plan Type, converted to a percentage.

**"Total Effective Tax Rate Limit"** means, 1.90%.

**"Total Tax Burden"** means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Dwelling Units of such Plan Type in CFD No. 2022-1N (IA No. 5) in such Fiscal Year or that would have been levied on all such Dwelling Units had these Dwelling Units been

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subject to such levies (excluding homeowner's association dues and Property Assessed Clean Energy ("PACE") charges imposed pursuant to AB 811 or SB 555, that are levied on individual Assessor's Parcels, or any other charges applicable to the Assessor's Parcels initiated by the homeowner after the close of escrow).

Prior to the issuance of a second series of Bonds (or the first series of Bonds, if such series is the final series of Bonds, as determined by the City), the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 5) for evaluating the Special Tax:

Step No.:

1. At least 30 days prior to the issuance of Bonds, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1N (IA No. 5).
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1N (IA No. 5), the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in CFD No. 2022-1N (IA No. 5) is less than or equal to the Total Effective Tax Rate Limit, then there shall be no reduction in Special Tax for such Land Use Class in CFD No. 2022-1N (IA No. 5).
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in CFD No. 2022-1N (IA No. 5) is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax for that Land Use Class in CFD No. 2022-1N (IA No. 5), such that the revised Assigned Special Tax does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit.
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to Amend the Special Tax to CFD No. 2022-1N (IA No. 5). The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3.a. A reduction to the Assigned Special Tax in one Land Use Class shall not require a reduction in any other Land Use Class.
5. If the anticipated date of issuance of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1N (IA No. 5) shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such Bonds, the Assigned Special Tax for each Land Use Class shall be as set forth in such

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Certificate to Amend the Special Tax. If the date of issuance of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1N (IA No. 5) and shall, as of such date, be void and of no further force and effect. In such case, if subsequently Bonds are expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.

6. After the execution by CFD No. 2022-1N (IA No. 5) of the acknowledgement on the Certificate to Amend the Special Tax, CFD No. 2022-1N (IA No. 5) shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 5) reflecting the Assigned Special Tax for CFD No. 2022-1N (IA No. 5) set forth in such Certificate to Amend the Special Tax.
7. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Assigned Special Tax and no Certificate to Amend the Special Tax shall be required.

## **I MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2022-1N (IA No. 5) may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **J TERM OF SPECIAL TAX**

The Special Taxes shall be levied until the final series of Bonds have matured, provided that the Special Taxes shall not be levied after Fiscal Year 2073-2074. The Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the Bonds have been paid, no delinquent Special Taxes remain uncollected, and the City has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

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**EXHIBIT A**  
**CERTIFICATE TO AMEND THE SPECIAL TAX**  
**IMPROVEMENT AREA NO. 5**  
**OF THE CITY OF PASO ROBLES**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1N (OLSEN/SOUTH CHANDLER**  
**RANCH - FACILITIES)**  
**TAX REDUCTION CERTIFICATE**

1. Pursuant to Section H of the Rate and Method of Apportionment, as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of San Luis Obispo as Instrument No. XXXXXX on MM/DD/YYYY, the City of Paso Robles (the "City") hereby reduces the Assigned Special Taxes for Developed Property within CFD No. 2022-1N (IA No. 5) set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2022-1N (IA No. 5).
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on \_\_\_\_\_.
3. The information in Table 1, relating to the Assigned Special Tax for Developed Property within CFD No. 2022-1N (IA No. 5) shall be amended and restated in full as follows:

*Amended and Restated Rate and Method of Apportionment  
CFD No. 2022-1N (IA No. 5) (Olsen/South Chandler Ranch - Facilities)*



# Attachment 1

**Table A-1: Assigned Special Tax for Developed Property**

Land Use Class	Residential Floor Area	Assigned Special Tax
1	RESIDENTIAL PROPERTY ( $\geq$ 2,900	[\$ ] PER DWELLING
2	RESIDENTIAL PROPERTY (2,700 -	[\$ ] PER DWELLING
3	RESIDENTIAL PROPERTY (2,500 -	[\$ ] PER DWELLING
4	RESIDENTIAL PROPERTY (2,300 -	[\$ ] PER DWELLING
5	RESIDENTIAL PROPERTY (2,100 -	[\$ ] PER DWELLING
6	RESIDENTIAL PROPERTY (1,900 -	[\$ ] PER DWELLING
7	RESIDENTIAL PROPERTY (1,700 -	[\$ ] PER DWELLING
8	RESIDENTIAL PROPERTY ( $<$ 1,700	[\$ ] PER DWELLING
9	NON-RESIDENTIAL PROPERTY	\$44,176 PER ACRE

4. Upon execution of the certificate by the City and CFD No. 2022-1N (IA No. 5), the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1N (IA No. 5) to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2022-1N (IA No. 5), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 5 of Community Facilities District No. 2022-1N (Olsen/South Chandler Ranch - Facilities) of the City of Paso Robles.

By: \_\_\_\_\_ Date as of: \_\_\_\_\_

*Amended and Restated Rate and Method of Apportionment  
CFD No. 2022-1N (IA No. 5) (Olsen/South Chandler Ranch - Facilities)*