REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: JANUARY 28, 2020

TITLE: RESOLUTIONS OF INTENTION TO INITIATE CHANGE PROCEEDINGS AND DESIGNATE COMMUNITY FACILITIES DISTRICT NO. 2013-3 IMPROVEMENT AREA NO. 11, AUTHORIZE LEVY OF SPECIAL TAXES, AND INCUR BONDED INDEBTEDNESS

Director of Financial Management & Strategic Planning

City Manager

RECOMMENDED ACTIONS

1. Adopt - A RESOLUTION OF CONSIDERATION AND INTENTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AS THE LEGISLATIVE BODY OF CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK), TO CHANGE AND MODIFY AN EXISTING IMPROVEMENT AREA AND THEREBY DESIGNATE AN ADDITIONAL IMPROVEMENT AREA, IMPROVEMENT AREA NO. 11, WITHIN CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES


EXECUTIVE SUMMARY

In March 2013, the City Council established Community Facilities District No. 2013-3, Great Park (the District), for the purpose of financing certain public facilities and services, per request from Heritage Fields El Toro, LLC (the Developer). At the time of formation, three improvement areas were designated and authorized to incur bonded indebtedness. These initial three improvement areas were: Improvement Area No. 1 (IA-1 Pavilion Park) was designated as the initial phase of the development, Improvement Area No. 3 (IA-3) was designated as the Orange County Great Park, and the remaining land of the District was designated as Improvement Area No. 2 (IA-2).
The intention of IA-2 was for future subdivision into smaller improvement areas as development progressed. The subsequent subdivision of land in IA-2 since 2013 has resulted in a total of ten improvement areas as of February 2019. On November 1, 2019, the Developer petitioned for the designation of Improvement Area No. 11 (IA-11).

COMMISSION/BOARD/COMMITTEE RECOMMENDATION

Not applicable.

ANALYSIS

The District was formed on March 26, 2013 under the Amended and Restated Development Agreement (ARDA) between the City and the Developer dated December 27, 2010. Three improvement areas were initially designated and authorized to incur bonded indebtedness at the time of formation. IA-3 was designated as the Orange County Great Park. All taxable land in IA-1 and IA-2 was owned by the Developer, with IA-2 intended for future subdivision into additional, smaller improvement areas as development progressed.

Since 2013, additional improvement areas were designated by City Council action: October 2014, Improvement Areas No. 4 and 5 were designated, Improvement Areas No. 6 and 7 were designated in September 2015, Improvement Area No. 8 was created in October 2015, Improvement Area No. 9 was created in March 2018, and Improvement Area No 10 was designated in February 2019.

The City Council, as the legislative body of the District, received a petition from the Developer on November 1, 2019 for the designation of Improvement Area No. 11 (IA-11). The proposed IA-11 consists of approximately 120 acres. It is located southwest of Irvine Boulevard, south of Merit, northwest of Alton Parkway, and northeast of Astor, as shown on the Proposed Boundary Map (Attachment 1). IA-11 is currently planned for residential development with an estimated 381 detached and 537 attached homes.

The resolution of intention to designate IA-11 and authorize the levy of special taxes (Attachment 2) and the resolution declaring the intention to incur bonded indebtedness (Attachment 3) call for a public hearing be held on Tuesday, March 10, 2020 at 4:00 p.m., or soon thereafter, to consider the designation of IA-11 and determine the need to incur bonded indebtedness for this improvement area. The special tax generated by IA-11 will be used primarily to fund backbone infrastructure benefiting the Great Park Neighborhoods and the Orange County Great Park (OCGP), and to fund operations and maintenance at the OCGP, as stipulated in the ARDA and other development agreements between the City and the Developer. Once the Developer requests a bond issuance for this improvement area, staff will return to the City Council for authorization to issue bonds.
ALTERNATIVES CONSIDERED

The City Council could choose not to adopt the resolutions to initiate change proceedings to designate IA-11. This alternative would be inconsistent with the intent of existing agreements between the City and the Developer.

FINANCIAL IMPACT

The approval of the two attached resolutions which authorize the designation of IA-11 will have no financial impact to the City. Special tax generated from IA-11 will provide funding for authorized facilities and services as defined in the ARDA.

REPORT PREPARED BY Michael Solorza, Manager of Fiscal Services

ATTACHMENTS

1. Proposed Boundary Map
2. Resolution – Intention to Designate
3. Resolution – Intention to Incur Bonded Indebtedness
PROPOSED BOUNDARIES OF IMPROVEMENT AREA No. 11 OF CITY OF IRVINE
COMMUNITY FACILITIES DISTRICT No. 2013-3 (Great Park)
COUNTY OF ORANGE, STATE OF CALIFORNIA

Assessor Parcels within IMPROVEMENT AREA No. 11:
591-073-18
591-073-24
591-132-04
591-132-11
591-563-01
591-563-02
591-563-03
591-563-04
591-563-05
591-563-06
591-563-07
591-563-08
591-564-01
591-564-02
591-564-03
591-564-04
591-564-05
591-564-13
591-565-01
591-565-02
591-565-03
591-566-01
591-566-02
591-567-01
591-567-02

Reference is hereby made to the Assessor maps of the County of Orange, California for a description of the lines and dimensions of each lot and parcel.

(1) Filed in the office of the City Clerk of the City of Irvine this ____ day of ______________, 2020.

Molly M. Perry, City Clerk of the City of Irvine

(2) I hereby certify that the within map showing the proposed boundaries of Improvement Area No. 11 of City of Irvine Community Facilities District No. 2013-3 (Great Park), Orange County, State of California, was approved by the City Council of the City of Irvine at a general meeting thereof, held on this ____ day of ______________, 2020, by its Resolution No. ________.

Molly M. Perry, City Clerk of the City of Irvine

(3) Filed this ____ day of ______________, 2020, at the hour of _____ o'clock __m, in Book __________ of Maps of Assessment and Community Facilities Districts at page __________ and as Instrument No. _____________ in the office of the County Recorder of the County of Orange, State of California.

Hugh Nguyen
County Clerk-Recorder of County of Orange

By ______________________________
Deputy

Fee _______________
Exempt recording requested, per CA Government Code §6103, 27383

Prepared by DTA

ATTACHMENT 1
PROPOSED BOUNDARIES OF
IMPROVEMENT AREA No. 11 OF
CITY OF IRVINE
COMMUNITY FACILITIES DISTRICT No. 2013-3
(Great Park)
COUNTY OF ORANGE, STATE OF CALIFORNIA

LEGEND

Proposed Boundaries of Improvement Area No. 11 of City of Irvine Community Facilities District No. 2013–3 (Great Park)
Assessor Parcel Line
Boundaries of City of Irvine Community Facilities District No. 2013–3 (Great Park)

Prepared by DTA
CITY COUNCIL RESOLUTION NO. 20-XX

A RESOLUTION OF CONSIDERATION AND INTENTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AS THE LEGISLATIVE BODY OF CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK), TO CHANGE AND MODIFY AN EXISTING IMPROVEMENT AREA AND THEREBY DESIGNATE AN ADDITIONAL IMPROVEMENT AREA, IMPROVEMENT AREA NO. 11, WITHIN CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”), the City Council (the “City Council”) of the City of Irvine (the “City”) previously established the City of Irvine Community Facilities District No. 2013-3 (Great Park) (the “Community Facilities District”) for the purpose of financing certain public facilities and services (the “Facilities and Services”); and

WHEREAS, the City Council has, pursuant to the provisions of the Act, designated portions of the Community Facilities District as ten improvement areas, known as Improvement Area No. 1 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 1”), Improvement Area No. 2 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 2”), Improvement Area No. 3 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 3”), Improvement Area No. 4 of the City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 4”), Improvement Area No. 5 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 5”), Improvement Area No. 6 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 6”), Improvement Area No. 7 of the City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 7”), Improvement Area No. 8 of City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 8”), Improvement Area No. 9 of the City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 9”), and Improvement Area No. 10 of the City of Irvine Community Facilities District No. 2013-3 (Great Park) (“Improvement Area No. 10”) for the purpose of contributing to the financing of the Facilities and Services; and

WHEREAS, the City Council has received a written petition (the “Petition”) from Heritage Fields El Toro, LLC (the “Developer”) requesting that proceedings be instituted to designate an additional improvement area within the Community Facilities District for the purpose of contributing to the financing of the Facilities and Services, the boundaries of which would include certain of the Developer’s property that is within the boundaries of
the Community Facilities District pursuant to Government Code Sections 53331 et seq. and 53350; and

WHEREAS, said proposed improvement area is within the boundaries of Improvement Area No. 2; and

WHEREAS, in the Petition, the Developer has represented and warranted to the City Council that, as of the date of the Petition, the Developer is the owner of all of the area of land proposed to be included within proposed Improvement Area No. 11 of the Community Facilities District; and

WHEREAS, under the Act, the City Council is authorized to designate said improvement area within the Community Facilities District.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Irvine, as the Legislative Body of City of Irvine Community Facilities District No. 2013-3 (Great Park), as follows:

SECTION 1. For purposes of contributing to the financing of the Facilities and Services to be financed by the improvement area, the City Council proposes to designate a portion of the Community Facilities District as a new improvement area. The boundaries of the portion of the Community Facilities District proposed to be designated as a new improvement area are described as Improvement Area No. 11 in the Boundary Map showing the proposed improvement area (the “Boundary Map”) on file with the City Clerk (the “Clerk”), which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Clerk is hereby directed to sign the original Boundary Map and record, or cause to be recorded, the Boundary Map with all proper endorsements thereon in the office of the County Recorder within 15 days of the date of adoption of this Resolution, all as required by Section 3111 of the California Streets and Highways Code.

SECTION 2. The improvement area designated within the Community Facilities District is proposed to be known as “Improvement Area No. 11 of City of Irvine Community Facilities District No. 2013-3 (Great Park)” (“Improvement Area No. 11”).

SECTION 3. The public facilities (the “Facilities”) and services (the “Services”) authorized to be financed by Improvement Area No. 11, pursuant to the Act are described in Exhibit A hereto, which is by this reference incorporated herein. All or any portion of the Facilities and Services may be financed through a financing plan, including, but not limited to, a lease, lease-purchase or installment-purchase arrangement.

SECTION 4. Except where funds are otherwise available, a special tax sufficient to pay for all Facilities and Services, secured by recordation of a continuing lien against all nonexempt real property in Improvement Area No. 11, will be annually levied within Improvement Area No. 11. The rate and method of apportionment of the special tax for Improvement Area No. 11 (the “Rate and Method”), in sufficient detail to allow each landowner within the proposed Improvement Area No. 11 to estimate the maximum
amount that he or she will have to pay, is described in Exhibit B attached hereto, which is by this reference incorporated herein. The conditions under which the obligation to pay the special tax for Improvement Area No. 11 may be prepaid and permanently satisfied are specified in the Rate and Method. The special tax for Improvement Area No. 11 will be collected in the same manner as ordinary ad valorem property taxes or in such other manner as the City Council shall determine, including direct billing of the affected property owners. The tax year after which no further special tax for Improvement Area No. 11 to pay for public facilities will be levied against any parcel used for private residential purposes is specified in the Rate and Method. Under no circumstances shall the special tax for Improvement Area No. 11 levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within Improvement Area No. 11 by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered "used for private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

SECTION 5. The City Council hereby fixes Tuesday, March 10, 2020 at 4:00 p.m., or as soon thereafter as the City Council may reach the matter, at the City Council Chambers, One Civic Center Plaza, Irvine, California, as the time and place when and where the City Council will conduct a public hearing on the designation of Improvement Area No. 11.

SECTION 6. The Clerk is hereby directed to publish, or cause to be published, a notice of said public hearing one time in a newspaper of general circulation published in the area of Improvement Area No. 11. The publication of said notice shall be completed at least seven days prior to the date herein fixed for said hearing. Said notice shall contain the information prescribed by Section 53322 of the Act.

SECTION 7. The levy of said proposed special tax for Improvement Area No. 11 shall be subject to the approval of the qualified electors of Improvement Area No. 11 at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in Improvement Area No. 11, with each person who is the owner of land at the close of said hearing having one vote for each acre or portion of an acre of land that he or she owns in Improvement Area No. 11 not exempt from such special tax.

SECTION 8. Pursuant to Section 53314.9 of the Act, the City proposes to repay the Developer solely from the proceeds of bonds issued by the Community Facilities District and the levy of special taxes within each improvement area (except from Zone 2 of Improvement Area No. 3) as follows: (1) funds advanced by the Developer to pay City costs in forming, amending, or taking any other actions with respect to the Community Facilities District, and (2) repayment to Developer for work performed, costs incurred, and Facilities acquired pursuant to (i) the Amended and Restated Development Agreement, dated December 27, 2010, by and among the City, the Developer, and the Irvine Redevelopment Agency, as it may be further amended, (ii) the Amended and Restated Master Implementation Agreement, dated December 27, 2010, by and between the City
and the Developer, as it may be further amended, and (iii) the Acquisition Agreement, dated March 26, 2013, by and between the Developer and the City, as it may be further amended.

SECTION 9. The City Council hereby reserves the right and authority, subject to conditions to be specified in the issuance document for the bonds, to allow any interested owner of property within Improvement Area No. 11 to tender to the Community Facilities District in full payment or partial payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond secured thereby, the bond to be taken at par and credit to be given for the accrued interest thereon computed to the date of tender.

SECTION 10. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

SECTION 11. This Resolution shall take effect immediately upon its adoption.
PASSED AND ADOPTED by the City Council of the City of Irvine at a regular meeting held on the 28th day of January 2020.

___________________________
MAYOR OF THE CITY OF IRVINE

ATTEST:

___________________________
CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA  )
COUNTY OF ORANGE    ) SS
CITY OF IRVINE       )

I, Molly M. Perry, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing resolution was duly adopted at a regular meeting of the City Council of the City of Irvine, held on the 28th day of January 2020.

AYES:       COUNCILMEMBERS:
NOES:       COUNCILMEMBERS:
ABSENT:     COUNCILMEMBERS:
ABSTAIN:    COUNCILMEMBERS:

___________________________
CITY CLERK OF THE CITY OF IRVINE
EXHIBIT A

AUTHORIZED FACILITIES AND SERVICES

Improvement Area No. 11 is authorized to finance all or any portion of the facilities described in Section 53313.5 of the Act (collectively, the “Facilities”), including, but not limited to, the costs of the following on-site and off-site facilities:

1. Street, road, and parkway improvements, including, but not limited to, right of way acquisition, grading, paving, curb and gutter, median, sidewalks, access ramps, trails, removal and undergrounding of utilities, signing, striping, grinding, traffic control, and seal.
2. Traffic signals.
3. Storm drain improvements, including, but not limited to, mainlines, laterals, catch basins, junction structures, manholes, and local depressions.
4. Sewer improvements, including, but not limited to, laterals, monitoring manholes, manholes, pavement, and striping.
5. Domestic and recycled water facilities, including, but not limited to, water mains, stubs, valves, air vac, blow off, fittings, fire hydrant assembly, thrust blocks, cap, and striping.
6. Water improvements and water features.
7. Parks, park facilities, and parkways.
8. Dry utilities, to be owned by public utilities, including, but not limited to, telephone, electric, gas, relocation of lines, undergrounding, trenching, shading, conduit risers, pullboxes, vaults, and hand holes.
9. Landscaping, amenities, irrigation systems, and plantings.
10. Bridge, thoroughfare, and railway improvements, including, but not limited to, rails, grading, abutments, access ramps, lighting, drainage, utility crossings, sidewalks, trails and right of way acquisition.
11. Water quality treatment systems.
12. Wildlife corridors, including, but not limited to, mass excavations, demolition, and fire service mains and appurtenances.
13. Open space improvements.
15. Property acquisition.

The Facilities shall include the costs of design and engineering, surveys or reports, the cost of traffic-related environmental mitigation and any required landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance, construction management, and any other costs or appurtenances related to any of the foregoing, as set forth in the Acquisition Agreement, dated March 26, 2013, by and between the Developer and the City, on behalf of itself and the Community Facilities District, which Acquisition Agreement is consistent, as to the categories of costs, facilities and services to be acquired, with (i) the Amended and Restated Development Agreement, dated December 27, 2010, by and among the City of Irvine, the Developer, and the Irvine Redevelopment Agency, as it may be further amended, and (ii) the Amended and Restated Master Implementation
Agreement, dated December 27, 2010, by and between the City and the Developer, as it may be further amended.

OTHER

Improvement Area No. 11 may, among other things, also finance any of the following:

1. Bond related expenses, including underwriter’s discount, appraisal and absorption study costs, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, and all other incidental expenses.

2. Administrative fees of the City and the bond trustee or fiscal agent related to Improvement Area No. 11 and any bonds, including but not in any way limited to the cost of a consultant to assist the City with the inspection and coordination of construction of the Facilities.

3. Reimbursement of costs related to the costs of formation of the Community Facilities District and the designation of Improvement Area No. 11 advanced by the City, any landowner in the Community Facilities District, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, any landowner in the Community Facilities District or any party related to any of the foregoing, for facilities, fees, or other purposes or costs of the Community Facilities District or Improvement Area No. 11.

SERVICES

Improvement Area No. 11 is authorized to finance any, all or any portion of the services described in Section 53313 of the Act (collectively, the “Services”).
EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 11
A Special Tax shall be levied on all Assessor’s Parcels of Taxable Property in Improvement Area No. 11 of City of Irvine Community Facilities District No. 2013-3 (Great Park) ("CFD No. 2013-3 (IA No. 11)") and collected each Fiscal Year commencing in Fiscal Year 2019-2020, in an amount determined through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2013-3 (IA No. 11), 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 in acres 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 in acres shown on the applicable final map, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.


“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2013-3 (IA No. 11), including but not limited to: 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. 2013-3 (IA No. 11) or any designee thereof of complying with arbitrage rebate requirements with respect to the Special Tax and CFD No. 2013-3 (IA No. 11) Bonds; the costs to the City, CFD No. 2013-3 (IA No. 11) or any designee thereof of complying with disclosure requirements of the City, CFD No. 2013-3 (IA No. 11) or obligated persons associated with applicable federal and state securities laws and 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. 2013-3 (IA No. 11) or any designee thereof related to an appeal of the Special Tax; the costs of the City, CFD No. 2013-3 (IA No. 11) or any designee thereof related to the recalculation of the Special Tax rates in accordance with Section C.1 below and the calculation of the One-Time Special Tax in accordance with Section D.3 below; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses related to CFD No. 2013-3 (IA No. 11) Bonds. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2013-3 (IA No. 11) for any other administrative purposes of CFD No. 2013-3 (IA No. 11), including attorney’s fees and
other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Affordable Housing” means residential Dwelling Units, located on one or more Assessor’s Parcels of Residential Property, that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City that restrict rents or prices chargeable to “lower income households” (as defined in California Health and Safety Code Section 50079.5 or any successor code section).

“Amended and Restated Development Agreement” means the Amended and Restated Development Agreement, dated December 27, 2010, by and among the City, the Developer, and the Irvine Redevelopment Agency, as it may be further amended.

“Annual Special Tax” or “Annual Special Taxes” means the special taxes that may be levied annually on one or more Assessor’s Parcel of Taxable Property within CFD No. 2013-3 (IA No. 10) pursuant to Section E of this Rate and Method of Apportionment at the rates set forth in Section C of this Rate and Method of Apportionment.


“Assessor's Parcel” means a lot or parcel to which an assessor’s parcel number is assigned as determined from an Assessor’s Parcel Map or the applicable assessment roll.

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

“Attached Residential Property” means Assessor’s Parcels of Developed Property for which building permits have been issued for a Dwelling Unit that shares, or will share, an inside wall with another Dwelling Unit.

“Authorized Facilities” means the facilities authorized to be financed by CFD No. 2013-3.

“Authorized Services” means the services authorized to be financed by CFD No. 2013-3.

“Auto Center Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for selling automobiles, or for any other uses that are consistent with auto center land use designations as determined by the City.

“Bond Costs” means for all Subordinate CFD No. 2013-3 (IA No. 11) Bonds, all debt service payments, administrative expenses, and amounts required to establish or replenish any bond reserve funds, and any other use of Special Taxes for such bond issues required by the indenture, fiscal agent agreement, or other agreement governing the terms of such bond issue.

“Bond Index” means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25 Bond Revenue Index. In the event the Bond Buyer Revenue Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably
determined by the CFD Administrator.

“Bond Yield” means the weighted average yield of Outstanding Bonds. For purposes of this calculation, the weighted average yield on Outstanding Bonds shall be the weighted average of the yield calculated for each series of Outstanding Bonds at the time such Outstanding Bonds were issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the tax certificate executed in connection with the issuance of such Outstanding Bonds.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Annual Special Tax Requirement and levying and collecting the Special Taxes.

“CFD No. 2013-3” means City of Irvine Community Facilities District No. 2013-3 (Great Park).

“CFD No. 2013-3 (IA No. 11)” means Improvement Area No. 11 of CFD No. 2013-3 as identified on the Boundary Map for CFD No. 2013-3 (IA No. 11) and further set forth in the Resolution of Formation.

“CFD No. 2013-3 (IA No. 11) 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. 2013-3 (IA No. 11) and secured by the Special Taxes levied on property within the boundaries of CFD No. 2013-3 (IA No. 11) under the Act.

“Church Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for a church sanctuary, synagogue or other such place of worship, which may or may not include associated buildings which are to be used for religious educational purposes, and which are exempt from taxation pursuant to Section 214 of the Revenue and Taxation Code of the State of California.

“City” means the City of Irvine.

“Commercial Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for the sale of general merchandise, hard goods, personal services, and other items directly to consumers, or other uses that are consistent with commercial land use designations, as determined by the City.

“Council” means the City Council of the City which serves at the legislative body of CFD No. 2013-3.

“County” means the County of Orange.

“Current CFD Buildout Plan” means the most recent land use plan identifying the projected buildout of all of CFD No. 2013-3, as proposed by the Developer and approved by the City, for purposes of projecting Annual Special Tax revenues for the entire CFD No. 2013-3 at buildout.

“Debt Service Coverage” means the debt service coverage percentage identified in the Indenture for Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds.

“Detached Residential Property” means Assessor’s Parcels of Developed Property for which
building permits have been issued for a Dwelling Unit that is or is expected to be surrounded by freestanding walls and that does not share an inside wall with any other Dwelling Unit.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for construction was issued after January 1, 2019 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Annual Special Taxes are being levied.

“Developed Property Annual Special Tax Requirement” means, for any Fiscal Year, the Maximum Annual Special Tax on Developed Property.

“Developer” means Heritage Fields El Toro LLC, a Delaware limited liability company, and its successors and assigns. The term “successors” does not refer to the successors to all or any portion of the property within CFD No. 2013-3 (IA No. 11) unless the new property owner receives an assignment of the “Master Developer” rights and obligations under the Amended and Restated Development Agreement.

“Discount Rate” means (i) prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the Bond Index, and (ii) subsequent to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the Bond Yield.

“Dwelling Unit” means one residential unit of any configuration, including, but not limited to, a single family attached or detached dwelling, condominium, apartment, mobile home, or otherwise.

“Final Mapped Property” means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property and Taxable Public Property, located in a Final Subdivision as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, but no earlier than January 1, 2019.

“Final Mapped Property/Undeveloped Property Annual Special Tax Requirement” means that amount of Annual Special Taxes required, if any, in any Fiscal Year to (i) pay debt service on Outstanding Bonds payable in the calendar year commencing in such Fiscal Year, (ii) pay any amounts required to establish or replenish any reserve funds for all CFD No. 2013-3 (IA No. 11) Bonds, (iii) pay for Administrative Expenses, (iv) pay for reasonably anticipated Annual Special Tax delinquencies based on the delinquency rate for the Annual Special Tax levied in the previous Fiscal Year, and (v) pay the Guaranteed Amount, less (vi) an amount equal to the Developed Property Annual Special Tax Requirement, less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator, so long as the amount required is not less than zero.

“Final Subdivision” means a subdivision of property which occurred prior to January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code Section 1352 that, in either case, creates individual lots for which building permits may be issued without further subdivision. Notwithstanding the above, a condominium plan for which one or more building permits have been issued but no individual lots have been created for such building permits, shall be considered a Final Subdivision, and the portion of the condominium plan for which building permits have been issued shall be defined as Developed Property.
“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Floor Area Ratio” means for Non-Residential – Commercial Property – 0.317; for Non-Residential – Industrial Property – 0.325; for Non-Residential – Institutional Property – 0.361; for Non-Residential – Office Property – 0.326; for Non-Residential – Auto Center – 0.084; and for Non-Residential – Other Non-Residential Property – 0.308.

“Guaranteed Amount” means, for any Fiscal Year, the lesser of (i) the Pro Rata Share for CFD No. 2013-3 (IA No. 11) of the annual amounts set forth in Exhibit B, or (ii) the sum of (a) the Pro Rata Share for CFD No. 2013-3 (IA No. 11) of the amount needed to finance Authorized Services described in the definition of “Authorized Services” in the Amended and Restated Development Agreement in such Fiscal Year as determined by the City, and (b) the Bond Costs associated with any Subordinate CFD No. 2013-3 (IA No. 11) Bonds issued on behalf of CFD No. 2013-3 (IA No. 11). The Guaranteed Amount collected in CFD No. 2013-3 (IA No. 11) may be used to finance Authorized Services described in the definition of “Authorized Services” in the Amended and Restated Development Agreement and to pay Bond Costs associated with Subordinate CFD No. 2013-3 (IA No. 11) Bonds issued on behalf of CFD No. 2013-3 (IA No. 11).

“Indenture” means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 2013-3 (IA No. 11) Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Industrial Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for manufacturing, production, research and development, storage and/or processing of goods, or for any other uses that are consistent with industrial land use designations as determined by the City.

“Institutional Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for education, including libraries and museums, or for any other uses that are consistent with institutional land use designations, as determined by the City.

“Intermediate Maximum Annual Special Tax” means the intermediate Maximum Annual Special Tax, determined in accordance with Section C herein, that can be levied in any Fiscal Year on any Assessor’s Parcel of Final Mapped Property or Undeveloped Property.

“Land Use Class” means any of the classes listed in Table 1, Table 2 or Exhibit A, herein.

“Lowest Price Point” is defined in Section C.1. herein.

“Maximum Annual Special Tax” means the maximum Annual Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Moderate Affordable Senior Units” means Dwelling Units that are designed for, and restricted to, persons or couples of whom one member is age 55 or older that is located on one or more Assessor’s Parcels of Residential Property that are subject to deed restrictions, resale...
restrictions, and/or regulatory agreements recorded in favor of the City providing affordable housing for households with incomes below 120% of the County median income (but not less than 80% of the County median income).

“Moderate Affordable Units” means Dwelling Units, other than Moderate Affordable Senior Units, that are located on one or more Assessor’s Parcels of Residential Property that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing affordable housing for households with incomes below 120% of the County median income (but not less than 80% of the County median income).

“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 any and each Assessor’s Parcel of Developed Property for which a building permit permitting the construction of one or more non-residential units or facilities has been issued by the City, or other governmental agency, including, but not limited to, Church Property.

“Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds” means any issue(s) of CFD No. 2013-3 (IA No. 11) Bonds that are not Subordinate CFD No. 2013-3 (IA No. 11) Bonds.

“Office Property” means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction of one or more non-residential facilities has been issued by the City which are, or are expected by the City to be, primarily used for: professional/medical offices, or for any other uses that are consistent with office land use designations, as determined by the City.

“One Time Special Tax” means the one-time Special Tax to be levied pursuant to Section D of this Rate and Method of Apportionment.

“Other Non-Residential Property” means all Non-Residential Property, excluding Auto Center Property, Commercial Property, Industrial Property, Church Property, Institutional Property, and Office Property.

“Outstanding Bonds” means all Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds which are outstanding under an Indenture.

“Overlapping Liens” means, in connection with the recalculation of the Value Limitation pursuant to Section C.1. and within a Land Use Class of Residential Property, estimated ad valorem property taxes and all direct and overlapping assessments, taxes, special taxes, and charges on the secured tax-roll of the County for a parcel/unit of Taxable Property assuming that the value of that parcel/unit is equal to the Lowest Price Point for that Land Use Class as set forth in the consultant’s report described in Section C.1 on the date indicated in the consultant’s report, excluding however, the Annual Special Taxes that would be levied on such parcel/unit of the Lowest Price Point pursuant to this Rate and Method of Apportionment.
“Prepayable Portion of the Special Tax” shall have the meaning set forth in Section I of this Rate and Method of Apportionment.

“Pro Rata Share” means the ratio calculated by dividing the anticipated Maximum Annual Special Tax to be levied at build out of CFD No. 2013-3 (IA No. 11) by the anticipated Maximum Annual Special Tax to be levied at build out for all improvement areas within CFD No. 2013-3 based on the Current CFD Buildout Plan, excluding the Maximum Annual Special Taxes anticipated to be paid by Zone 2 in IA No. 3. So long as there are no CFD No. 2013-3 (IA No. 11) Bonds outstanding, the City shall recalculate the Pro Rata Share to reflect current development assumptions in connection with any change proceedings conducted in CFD No. 2013-3 and in connection with the amendment of Table 1 and/or Table 2 of the rate and method of apportionment for any improvement area of CFD No. 2013-3. Notwithstanding the foregoing, the City shall not recalculate the Pro Rata Share to incorporate any prepayments of the Prepayable Portion of the Special Tax.

“Property Owner Association Property” means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2013-3 (IA No. 11) for which the owner of record, as determined from the County Assessor’s secured tax roll for the Fiscal Year in which the Annual Special Tax is being levied, is a property owner’s association, including any master or sub-association, (ii) any property located in a Final Subdivision and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed to a property owner’s association, including any master or sub-association, provided such conveyance is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Annual Special Tax is being levied.

“Proportionately” means, for Developed Property, that the ratio of the actual Annual Special Tax levy to the Maximum Annual Special Tax is equal for all Assessor’s Parcels of Developed Property. For Final Mapped Property, “Proportionately” means that the ratio of the actual Annual Special Tax levy per acre to the Maximum Annual Special Tax per acre is equal for all Assessor’s Parcels of Final Mapped Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Annual Special Tax levy per acre to the Maximum Annual Special Tax per acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section E below. Notwithstanding the above, a disproportionate levy shall be permissible for any Assessor’s Parcels in CFD No. 2013-3 (IA No. 11) to cover any delinquencies by a property owner.

“Public Property” means, for each Fiscal Year, all property within the boundaries of CFD No. 2013-3 (IA No. 11) that (i) is owned by, irrevocably offered or dedicated to, or leased to, the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased or with respect to which a possessory interest has been granted to a non-exempt person or entity by any of the foregoing entities, then pursuant to Section 53340.1 of the Act, such leasehold or possessory interest shall be taxed and classified according to its use, or (ii) is encumbered by a public easement making impractical its use for any purpose other than that set forth in the easement.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 2013-3 (IA No. 11).
“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area for an Assessor’s Parcel shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Residential Property” means any and each Assessor’s Parcel of Developed Property for which a building permit permitting the construction thereon of one or more residential Dwelling Units has been issued by the City, or other governmental agency, but specifically excluding Church Property.

“Resolution of Formation” means the resolution designating CFD No. 2013-3 (IA No. 11).

“Special Tax” or “Special Taxes” means, as the context requires either or both of the Annual Special Taxes and the One-Time Special Taxes that may be levied annually or only one-time, respectively, on one or more Assessor’s Parcels of Taxable Property within CFD No. 2013-3 (IA No. 11) pursuant to this Rate and Method of Apportionment.

“State” means the State of California.

“Subordinate CFD No. 2013-3 (IA No. 11) Bonds” means any CFD No. 2013-3 (IA No. 11) Bonds that are subordinate to any current or future CFD No. 2013-3 (IA No. 11) Bonds and that meet the requirements set forth in the Amended and Restated Development Agreement.

“Taxable Property” means, each Fiscal Year, all of the Assessor's Parcels within the boundaries of CFD No. 2013-3 (IA No. 11) which are not exempt from the Special Tax pursuant to applicable law or Section F below, as of July 1st of that Fiscal Year.

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

“Taxable Property Owner Association Property/Taxable Public Property Annual Special Tax Requirement” means, so long as the amount required is not less than zero, that amount of Annual Special Taxes required, if any, in any Fiscal Year to (i) pay debt service on the Outstanding Bonds payable in the calendar year commencing in such Fiscal Year, (ii) pay any amounts required to establish or replenish any reserve funds for all CFD No. 2013-3 (IA No. 11) Bonds, (iii) pay for Administrative Expenses, and (iv) pay for reasonably anticipated Annual Special Tax delinquencies based on the delinquency rate for the Annual Special Tax levied in the previous Fiscal Year, less (v) an amount equal to the Developed Property Annual Special Tax Requirement, less (vi) the amount of the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement levied on Final Mapped Property and Undeveloped Property in such Fiscal Year, less (vii) a credit for funds available to reduce the Annual Special Tax levy, as determined by the CFD Administrator.

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

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

“Trustee” means the trustee or fiscal agent under the Indenture.
“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Mapped Property, Taxable Property Owner Association Property, or Taxable Public Property.

“Value Limitation” as recalculated separately for each Land Use Class at the time(s) set forth in Section C.1 means (i) the Annual Special Tax rate for a Land Use Class of Residential Property calculated as the difference between (A) the Lowest Price Point within such Land Use Class as determined by the third-party consultant in a report pursuant to Section C.1 herein multiplied by two percent (2%) and (B) the Overlapping Liens plus a sufficient amount to pay the assumed Irvine Ranch Water District assessments (to the extent not included within Overlapping Liens and subject to the limitations set forth in the Amended and Restated Development Agreement) for a residential unit assumed to have a value equal to the same Lowest Price Point used in subparagraph (A) above, as calculated by the CFD Administrator; (ii) that the amount of the Annual Special Tax rates for each Non-Residential Property Land Use Class identified in Table 1 and expressed as an amount per square foot of Non-Residential Floor Area, shall not exceed the product of (a) one and one hundred thirty-nine thousandths percent (1.139%) and (b) the per square foot value of land (as determined by the third-party appraisal described in Section C.1) located within CFD No. 2013-3 (IA No. 11) for each Non-Residential Property Land Use Class, divided by the Floor Area Ratio for the applicable Land Use Class; and (iii) that the amount of the Annual Special Tax rates for each Non-Residential Property Land Use Class set forth in Table 1 herein and expressed as an amount per Acre, shall not exceed the product of (a) the amount per square foot of Non-Residential Floor Area calculated in (ii) above for each Non-Residential Property Land Use Class, (b) the Floor Area Ratio for the applicable Land Use Class, and (c) 43,560.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2013-3 (IA No. 11) shall be classified as Developed Property, Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property, and shall be subject to Annual Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and E herein.

C. MAXIMUM ANNUAL SPECIAL TAX RATE

1. Annual Special Tax

Residential Property shall be assigned to Land Use Classes 1 through 30 as listed in Table 1 herein based on the description and the Residential Floor Area for each Dwelling Unit as designated in Table 1. Non-Residential Property shall be assigned to Land Use Classes 31 through 36. Prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the Maximum Annual Special Tax rates for Residential Property and the Maximum Annual Special Tax rates for Non-Residential Property (set forth in Table 1) shall be reduced in accordance with, and subject to, the conditions set forth in this Section C.1, without the need for any proceedings to make changes permitted under the Act.

Upon the earlier of (i) one hundred twenty (120) calendar days before the projected execution date of a bond purchase agreement for the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds as determined by the City, or (ii) the written request of the Developer submitted to the City within two hundred and seventy (270) calendar days before the projected date of
issuance of the first building permit permitting the construction of a non-model residential building for a Land Use Class within CFD No. 2013-3 (IA No. 11), a third-party consultant selected by the City shall be engaged (within thirty days after the applicable trigger date) to determine (A) the expected base (i.e., without any optional upgrades included) sales prices of the residential units within each Land Use Class based upon the anticipated base sales prices to end users at the time of calculation and (B) from those expected base sales prices, the lowest base sales price within such Land Use Class (hereafter referred to as the “Lowest Price Point”). If the City determines that the Lowest Price Point for a Land Use Class is equal to or greater than the price point that was used to establish the Maximum Annual Special Tax rates for such Land Use Class shown in Table 1, then there shall be no recalculation of the Maximum Annual Special Tax rates for such Land Use Class. If, however, the City determines that the Lowest Price Point for a Land Use Class is less than the price point that was used to establish the Maximum Annual Special Tax rates for such Land Use Class shown in Table 1, then the Maximum Annual Special Tax rate for Residential Property in such Land Use Class (as reflected in Table 1) shall be reduced to the amount necessary to comply with its recalculated Value Limitation. The reduction shall occur within thirty (30) calendar days of the completion of the third-party consultant's report.

Upon the earlier of (i) one hundred and twenty (120) calendar days before the projected execution date of a bond purchase agreement for the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds as determined by the City, or (ii) the written request of the Developer submitted to the City within two hundred and seventy (270) calendar days before the projected date of issuance of the first building permit permitting the construction of a non-residential building for a Land Use Class within CFD No. 2013-3 (IA No. 11), a third-party appraiser selected by the City shall be engaged (within thirty days after the applicable trigger date) to determine the value of the Non-Residential Property within each Land Use Class at the time of calculation. Based upon the report of the appraiser, if the City so determines that the per square foot and per Acre Maximum Annual Special Tax rates, as reflected in Table 1 herein, exceed the recalculated Value Limitation for Non-Residential Property for a Land Use Class, then the per square foot and per Acre Maximum Annual Special Tax rates for such Non-Residential Property Land Use Class (as reflected in Table 1) that exceeds its recalculated Value Limitation shall be reduced to the amount necessary to comply with its recalculated Value Limitation, provided, however, that the Maximum Annual Special Tax rates for Non-Residential Property do not fall below $0.416 per square foot of Non-Residential Floor Area. The reduction shall occur within thirty (30) calendar days of the completion of the third-party appraiser’s report.

Notwithstanding the above, if, and to the extent, the recalculation of the Maximum Annual Special Tax rates for Residential Property and per square foot and per Acre Maximum Annual Special Tax rates for Non-Residential Property are triggered by the projected issuance of a building permit, the recalculation(s) shall only be completed for those Land Use Classes for which a building permit is expected to be issued within 270 days. If, and to the extent, the recalculation of the Maximum Annual Special Tax rates for Residential Property and per square foot and per Acre Maximum Annual Special Tax rates for Non-Residential Property are triggered by the projected execution of a bond purchase agreement within 120 days as determined by the City, the recalculation(s) shall be completed for all Land Use Classes within CFD No. 2013-3 (IA No. 11) that have not previously experienced a reduction in their Maximum Annual Special Tax rates (for Residential Property) or their Maximum Annual Special Tax rates (for Non-Residential Property).

Each Maximum Annual Special Tax rate reduction for a Land Use Class pursuant to this Section C.1, shall be calculated separately, as reasonably determined by the CFD Administrator, without
regard to Maximum Annual Special Tax rate reductions that may be applicable to another Land Use Class, and it shall not be required that a reduction in the Maximum Annual Special Tax rate for one Land Use Class be proportionate to reductions in Maximum Annual Special Tax rates for any other Land Use Class. If the Maximum Annual Special Tax rates for a Land Use Class do not require reduction as set forth in this Section C.1, then those Maximum Annual Special Tax rates set forth in Table 1 shall not be reduced irrespective of any reductions made to other Maximum Annual Special Tax rates. The reductions required pursuant to this Section C.1 shall be reflected in an amended notice of special tax lien which the City shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit A.

The Value Limitation does not limit the Maximum Annual Special Tax rates set forth in Table 1 that are levied against Taxable Property unless a recalculation of the Maximum Annual Special Tax rates is required by this Section C.1.

(a) Developed Property

(i) Maximum Annual Special Tax

The Maximum Annual Special Tax that may be levied and escalated as explained further in Section C.1.(a)(ii) below in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown below in Table 1.

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Description</th>
<th>Maximum Annual Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DETACHED RESIDENTIAL PROPERTY (= 5,700 SF)</td>
<td>$21,197 per Dwelling Unit</td>
</tr>
<tr>
<td>2</td>
<td>DETACHED RESIDENTIAL PROPERTY (5,450 SF - 5,699 SF)</td>
<td>$20,343 per Dwelling Unit</td>
</tr>
<tr>
<td>3</td>
<td>DETACHED RESIDENTIAL PROPERTY (5,200 SF - 5,449 SF)</td>
<td>$19,488 per Dwelling Unit</td>
</tr>
<tr>
<td>4</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,950 SF - 5,199 SF)</td>
<td>$18,634 per Dwelling Unit</td>
</tr>
<tr>
<td>5</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,700 SF - 4,949 SF)</td>
<td>$17,778 per Dwelling Unit</td>
</tr>
<tr>
<td>6</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,450 SF - 4,699 SF)</td>
<td>$16,922 per Dwelling Unit</td>
</tr>
<tr>
<td>7</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,200 SF - 4,449 SF)</td>
<td>$16,068 per Dwelling Unit</td>
</tr>
<tr>
<td>8</td>
<td>DETACHED RESIDENTIAL PROPERTY (3,950 SF - 4,199 SF)</td>
<td>$15,223 per Dwelling Unit</td>
</tr>
<tr>
<td>9</td>
<td>DETACHED RESIDENTIAL PROPERTY (3,700 SF - 3,949 SF)</td>
<td>$14,731 per Dwelling Unit</td>
</tr>
<tr>
<td>10</td>
<td>DETACHED RESIDENTIAL PROPERTY (3,450 SF - 3,699 SF)</td>
<td>$14,327 per Dwelling Unit</td>
</tr>
<tr>
<td>11</td>
<td>DETACHED RESIDENTIAL PROPERTY (3,200 SF - 3,449 SF)</td>
<td>$12,830 per Dwelling Unit</td>
</tr>
<tr>
<td>12</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,950 SF - 3,199 SF)</td>
<td>$11,896 per Dwelling Unit</td>
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<td>13</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,700 SF - 2,949 SF)</td>
<td>$11,106 per Dwelling Unit</td>
</tr>
<tr>
<td>14</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,450 SF - 2,699 SF)</td>
<td>$10,125 per Dwelling Unit</td>
</tr>
<tr>
<td>Land Use Class</td>
<td>Description</td>
<td>Maximum Annual Special Tax</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>15</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,200 SF - 2,449 SF)</td>
<td>$9,228 per Dwelling Unit</td>
</tr>
<tr>
<td>16</td>
<td>DETACHED RESIDENTIAL PROPERTY (1,950 SF - 2,199 SF)</td>
<td>$8,545 per Dwelling Unit</td>
</tr>
<tr>
<td>17</td>
<td>DETACHED RESIDENTIAL PROPERTY (1,700 SF - 1,949 SF)</td>
<td>$7,621 per Dwelling Unit</td>
</tr>
<tr>
<td>18</td>
<td>DETACHED RESIDENTIAL PROPERTY (&lt; 1,700 SF)</td>
<td>$7,522 per Dwelling Unit</td>
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<tr>
<td>19</td>
<td>ATTACHED RESIDENTIAL PROPERTY (=&gt; 2,600 SF)</td>
<td>$8,687 per Dwelling Unit</td>
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<td>20</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,400 SF – 2,599 SF)</td>
<td>$8,157 per Dwelling Unit</td>
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<tr>
<td>21</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,200 SF – 2,399 SF)</td>
<td>$7,627 per Dwelling Unit</td>
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<td>22</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,000 SF – 2,199 SF)</td>
<td>$7,098 per Dwelling Unit</td>
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<td>23</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,800 SF – 1,999 SF)</td>
<td>$6,567 per Dwelling Unit</td>
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<td>24</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,600 SF – 1,799 SF)</td>
<td>$6,169 per Dwelling Unit</td>
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<td>25</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,400 SF – 1,599 SF)</td>
<td>$5,693 per Dwelling Unit</td>
</tr>
<tr>
<td>26</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,200 SF – 1,399 SF)</td>
<td>$4,978 per Dwelling Unit</td>
</tr>
<tr>
<td>27</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,000 SF – 1,199 SF)</td>
<td>$4,448 per Dwelling Unit</td>
</tr>
<tr>
<td>28</td>
<td>ATTACHED RESIDENTIAL PROPERTY (800 SF – 999 SF)</td>
<td>$3,918 per Dwelling Unit</td>
</tr>
<tr>
<td>29</td>
<td>ATTACHED RESIDENTIAL PROPERTY (&lt; 800 SF)</td>
<td>$3,786 per Dwelling Unit</td>
</tr>
<tr>
<td>30</td>
<td>AFFORDABLE HOUSING, MODERATE AFFORDABLE UNITS, AND MODERATE AFFORDABLE SENIOR UNITS</td>
<td>$0 per Dwelling Unit</td>
</tr>
<tr>
<td>31</td>
<td>NON-RESIDENTIAL - COMMERCIAL PROPERTY</td>
<td>$1.68 per square foot of Non-Residential Floor Area or $23,326 per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>32</td>
<td>NON-RESIDENTIAL– INDUSTRIAL PROPERTY</td>
<td>$1.68 per square foot of Non-Residential Floor Area or $23,914 per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>33</td>
<td>NON-RESIDENTIAL– INSTITUTIONAL PROPERTY</td>
<td>$1.68 per square foot of Non-Residential Floor Area or $26,563 per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>34</td>
<td>NON-RESIDENTIAL – OFFICE PROPERTY</td>
<td>$1.68 per square foot of Non-Residential Floor Area or $23,988 per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>35</td>
<td>NON-RESIDENTIAL – AUTO CENTER</td>
<td>$5.66 per square foot of Non-Residential Floor Area or $20,684 per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>36</td>
<td>OTHER NON-RESIDENTIAL PROPERTY</td>
<td>$1.68 per square foot of Non-Residential Floor Area or $22,664 per Acre, when applied, whichever is greater</td>
</tr>
</tbody>
</table>
(ii) **Increase in the Maximum Annual Special Tax**

The Fiscal Year 2019-2020 Maximum Annual Special Tax, identified in Table 1 above, as such Table may be amended and restated in full pursuant to this Rate and Method of Apportionment, shall increase thereafter (i) commencing on July 1, 2020 and on July 1 of each Fiscal Year thereafter through the Fiscal Year in which the fortieth anniversary of the date on which the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds were issued occurs, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year; and (ii) commencing in the Fiscal Year following the fortieth anniversary of the date on which the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds were issued, by an amount equal to three percent (3%) of the Maximum Annual Special Tax as determined following the partial termination of the Special Tax as set forth in Section J, and on July 1 of each Fiscal Year thereafter by an amount equal to three percent (3%) of the amount in effect for the previous Fiscal Year.

(iii) **Multiple Land Use Classes**

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Maximum Annual Special Taxes levied on an Assessor’s Parcel shall be the sum of the Maximum Annual Special Taxes for all Land Use Classes located on that Assessor’s Parcel. If an Assessor’s Parcel of Developed Property includes both Residential Property and Non-Residential Property, the Acreage to be assigned to the Non-Residential Property for purposes of establishing the Annual Special Tax shall equal the total Acreage of the Assessor’s Parcel multiplied by the Non-Residential Floor Area on the Assessor’s Parcel, the product of which shall be divided by Total Floor Area on the Assessor’s Parcel. 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.

(b) **Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property**

(i) **Intermediate Maximum Annual Special Tax**

The Fiscal Year 2019-2020 Intermediate Maximum Annual Special Tax for each Assessor’s Parcel of Final Mapped Property and Undeveloped Property shall be $77,933 per Acre, and shall increase thereafter, commencing on July 1, 2020 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Intermediate Maximum Annual Special Tax for the previous Fiscal Year.

(ii) **Maximum Annual Special Tax**

The Fiscal Year 2019-2020 Maximum Annual Special Tax for each Assessor’s Parcel of Final Mapped Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be $122,250 per Acre, and shall increase thereafter, commencing on July 1, 2020 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Maximum Annual Special Tax for the previous Fiscal Year.
D. **ONE-TIME SPECIAL TAX**

All of the requirements of this Section D, which describes the One-Time Special Tax that may result from a change in development as determined pursuant to this Section D, shall only apply after the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, with the exception of disclosure-related requirements discussed under Section D.6, which apply both before and after the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds. The provisions of this Section D shall not be impacted by the issuance of any Subordinate CFD No. 2013-3 (IA No. 11) Bonds.

The following additional definitions apply to this Section D:

**“Authorized Bonded Indebtedness”** means $155,000,000.

**“Bond Issuance Development Phase Table”** means a table, to be included herein as Table 2, which is prepared by the CFD Administrator after the submittal of a Bond Issuance Development Plan. Within the Bond Issuance Development Phase Table, each existing or prospective building permit for Residential Property shall be assigned to Land Use Classes 1 through 30 for each Development Phase, and each existing or prospective building permit of Non-Residential Property shall be assigned to Land Use Classes 31 through 36 for each Development Phase. If no Development Phases have been identified in the Bond Issuance Development Plan, such Dwelling Units and Non-Residential Property shall be listed by Land Use Classes for the entire CFD No. 2013-3 (IA No. 11).

**“Bond Issuance Development Plan”** means a development plan for CFD No. 2013-3 (IA No. 11) (i) submitted by the Developer immediately prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, and (ii) approved by the CFD Administrator, as updated for each subsequent series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds. The Bond Issuance Development Plan shall identify the number of Dwelling Units and the Land Use Class for each existing or anticipated Dwelling Unit in each Development Phase, and if applicable, identify the existing or anticipated Non-Residential Property Acreage and Non-Residential Floor Area, if available, by Land Use Class anticipated to be constructed within each Development Phase. If no Development Phases have been identified in the Development Plan, such Dwelling Units, Acreage and Non-Residential Floor Area shall be listed by Land Use Classes for the entire CFD No. 2013-3 (IA No. 11).

**“City Building and Safety Division”** means the building and safety division of the City's Community Development Department.

**“Compliance Letter”** means a letter from the CFD Administrator notifying the property owner that (i) no One-Time Special Tax is due for the anticipated Residential Property and/or Non-Residential Property listed in the Compliance Letter, or (ii) any One-Time Special Tax that was due for the Residential Property and/or Non-Residential Property listed in the Compliance Letter has been paid in full by the property owner. However, the terms of a Compliance Letter only apply (A) if the building permits actually issued for such Residential Property reflect numbers of Dwelling Units and Land Use Classes that are identical to those listed in the Compliance Letter, and (B) if the building permits actually issued for such Non-Residential Property reflect Land Use Classes, Non-Residential Floor Area and Acreage, that are identical to those listed in the
Compliance Letter.

“Development Phase” means a tract map, planning area, or geographic area representing an expected construction phase planned to be developed by one or more merchant builders at the time the Bond Issuance Development Plan is submitted by the Developer and approved by the CFD Administrator. A Development Plan shall designate the geographic area included within each Development Phase by Assessor's Parcels or tract and lot numbers.

“IA No. 11 Buildout” means the completion of all proposed development in IA No. 11, as proposed by the Developer and approved by the City.

“Maximum One-Time Special Tax” means the maximum One-Time Special Tax, determined in accordance with Section D, which can be levied on an Assessor’s Parcel and collected by the One-Time Special Tax Payment Date.

“Non-Compliant Property” means an Assessor's Parcel of Pending Property that generates a need for a One-Time Special Tax as calculated under Section D.3.

“One-Time Special Tax Account” means the funds or accounts (regardless of their names) identified in the Indenture to hold all or a portion of the payments of the One-Time Special Tax received from property owners within CFD No. 2013-3 (IA No. 11).

“One-Time Special Tax Payment Date” means, for an Assessor's Parcel, the later of (i) 30 days after the date of the bill distributed by the CFD Administrator requesting the payment of a One-Time Special Tax, or (ii) 30 days after the issuance of a building permit.

“Pending Development” means Projected Residential Property and Projected Non-Residential Property for which (i) a Compliance Letter has been requested, (ii) building permits have recently been issued that were located on Assessor’s Parcels that were not included in a previously-issued Compliance Letter, or (iii) building permits have recently been issued for Assessor’s Parcels that were included in a previously-issued Compliance Letter that has been nullified pursuant to Section D.1., because the Projected Residential Property and Projected Non-Residential Property delineated in the actual building permits for such Assessor’s Parcels are not consistent with the development listed in the previously-issued Compliance Letter.

“Projected Non-Residential Property” means anticipated Non-Residential Property for which the CFD Administrator has not yet determined whether or not a One-Time Special Tax shall be levied, or for which such determination has been nullified pursuant to Section D.1.

“Projected Residential Property” means anticipated Dwelling Units of Residential Property for which the CFD Administrator has not yet determined whether or not a One-Time Special Tax shall be levied, or for which such determination has been nullified pursuant to Section D.1.

“Total Assumed Annual Special Taxes” means the total estimated Annual Special Taxes that would be levied at IA No. 11 Buildout, assuming the construction of 671 Dwelling Units, and shall be calculated by dividing the Bond Authorization by twenty-one (21). This defined term shall only be used for purposes of calculating a Maximum One-Time Maximum Special Tax under Section D.6, and shall not be employed in the actual calculation of a One-Time Special Tax for an Assessor’s Parcel.
“Total Expected Non-Residential Property Acreage” means the total amount of Acreage of Non-Residential Property expected to be developed in each Development Phase based on the Bond Issuance Development Plan, or if no Development Phases have been identified, for the entire CFD No. 2013-3 (IA No. 11).

“Total Number of Expected Dwelling Units” means the total number of Dwelling Units expected to be constructed in each Development Phase based on the Bond Issuance Development Plan, or if no Development Phases have been identified, for the entire CFD No. 2013-3 (IA No. 11).

“Update Property” means an Assessor’s Parcel of Final Mapped Property or Undeveloped Property for which a building permit was issued after May 1 of the Fiscal Year preceding the current Fiscal Year.

“Updated Development Phase Table” means a table prepared by the CFD Administrator reflecting the existing Residential Property and Non-Residential Property and the Projected Residential Property and Non-Residential Property to be constructed in a Development Phase, as revised pursuant to Section D.3.

1. Development Utilizing Optional Compliance Letter

   (a) Property Owner Request for Compliance Letter

      (i) Residential Property

      After the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 10) Bonds, a property owner may, prior to the issuance of a building permit for construction of any Residential Property for a specific Assessor’s Parcel, tract or lot, request a Compliance Letter from the CFD Administrator to determine whether or not such property owner will be required to pay a One-Time Special Tax. The request from the property owner shall contain a list of all Residential Property for which the property owner is requesting a Compliance Letter, and shall identify the Development Phase(s), if any, within which the Residential Property is expected by the property owner to be located. The property owner shall also submit the Assessor’s Parcel or tract and lot numbers on which the Residential Property is to be constructed, and the Land Use Class for each residential Dwelling Unit associated with the Residential Property.

      (ii) Non-Residential Property

      After the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 10) Bonds, a property owner may, prior to the issuance of a building permit for construction of any Non-Residential Property for a specific Assessor’s Parcel, tract, or lot, request a Compliance Letter from the CFD Administrator to determine whether or not such property owner will be required to pay a One-Time Special Tax. The request from the property owner shall contain the final map, parcel map, or lot line adjustment for which the property owner is requesting a Compliance Letter, as well as identify the Development Phase(s) within which the
Non-Residential Property is expected by the property owner to be located. The property owner shall also submit the Assessor’s Parcel or tract and lot numbers on which the Non-Residential Property is to be constructed, the Non-Residential Floor Area and Acreage for such Assessor's Parcel or tract and lot numbers, and the Land Use Class into which such development should be assigned.

(b) **Issuance of Compliance Letter**

(i) **Residential Property**

The number of residential Dwelling Units by Land Use Class in each Development Phase, if any, as listed in the Bond Issuance Development Phase Table, shall be reviewed by the CFD Administrator upon the receipt of a request from a property owner for a Compliance Letter. The CFD Administrator shall assign each Dwelling Unit identified in such request to Land Use Classes 1 through 30 for the applicable Development Phase within which such Dwelling Unit is to be located. If the CFD Administrator determines for Land Use Classes 1-30 that (i) the number of Dwelling Units of Projected Residential Property being requested for a specific Land Use Class in a Development Phase, plus those Dwelling Units previously identified and approved by the CFD Administrator as belonging to such Land Use Class in that Development Phase, does not exceed the Total Number of Expected Dwelling Units for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, and (ii) the total number of Dwelling Units anticipated to be constructed in the Development Phase as a result of this request is not less than the Total Number of Expected Dwelling Units reflected in the Bond Issuance Development Phase Table for that Development Phase, then a Compliance Letter shall be awarded to the property owner stating that no One-Time Special Tax shall be levied on the Projected Residential Property in the specific Land Use Classes proposed in the request from the property owner. This Compliance Letter shall be forwarded to the property owner by the CFD Administrator and shall list, by Land Use Class and Assessor's Parcel, the Residential Property that shall be exempt from the One-Time Special Tax.

However, should the CFD Administrator determine that (i) the number of Dwelling Units of Projected Residential Property being requested for a specific Land Use Class in the Development Phase, plus those Dwelling Units previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, cause the total number of such Dwelling Units to exceed the Total Number of Expected Dwelling Units for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, or (ii) the total number of Dwelling Units anticipated to be constructed in the entire Development Phase as a result of the request would decrease the number of Dwelling Units to be constructed to below the Total Number of Expected Dwelling Units for the entire Development Phase reflected in the Bond Issuance Development Phase Table, then a Compliance Letter shall not be issued prior to the CFD Administrator determining if a One-Time Special Tax shall be required.

The CFD Administrator shall monitor the issuance of building permits by the City
within CFD No. 2013-3 (IA No. 11) on a weekly basis prior to IA No. 11 Buildout. If a property owner receives a Compliance Letter for Residential Property that is Pending Development and should that property owner be issued a building permit to construct a building that is not consistent with the Projected Residential Property listed in the Compliance Letter, such Compliance Letter shall be nullified, and a new review of such Residential Property shall be conducted by the CFD Administrator, as called for under Section D.2, below, based on the development identified on the building permit.

(ii) Non-Residential Property

The amount of Non-Residential Property Acreage and Non-Residential Floor Area by Land Use Class in each Development Phase, if any, as listed in the Bond Issuance Development Phase Table, shall be reviewed by the CFD Administrator upon the receipt of a request from a property owner for a Compliance Letter. The CFD Administrator shall assign each Acre of Non-Residential Property identified in such request to Land Use Classes 31 through 36 in the applicable Development Phase within which such Acreage and Non-Residential Floor Area is to be located. If the CFD Administrator determines for Land Use Classes 31-36 that (i) the amount of Non-Residential Property Acreage being requested for a specific Land Use Class in a Development Phase, plus the Non-Residential Property Acreage previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, does not exceed the Total Expected Non-Residential Property Acreage for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, and (ii) the total amount of Non-Residential Property Acreage anticipated to be constructed in the entire Development Phase as a result of the request is not less than the Total Expected Non-Residential Property Acreage reflected in the Bond Issuance Development Phase Table for that Development Phase, then a Compliance Letter shall be awarded to the property owner stating that no One-Time Special Tax shall be levied on the Projected Non-Residential Property in the specific Land Use Classes proposed in the request from the property owner. This One-Time Special Tax Compliance Letter shall be forwarded to the property owner by the CFD Administrator listing, by Land Use Class and Assessor's Parcel, the Non-Residential Property that shall be exempt from the One-Time Special Tax.

However, should the CFD Administrator determine that (i) the amount of Non-Residential Property Acreage being requested for such Land Use Class in the Development Phase, plus the Non-Residential Property Acreage previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, cause the total amount of Non-Residential Property Acreage to exceed the Total Expected Non-Residential Property Acreage for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, or (ii) the total amount of Non-Residential Property Acreage anticipated to be constructed for the entire Development Phase as a result of the request would decrease the amount of Non-Residential Property Acreage to be constructed to below the Total Expected Non-Residential Property Acreage for the entire Development Phase reflected in the Bond Issuance Development Phase.
Table, then a Compliance Letter shall not be issued prior to the CFD Administrator determining if a One-Time Special Tax shall be required.

The CFD Administrator shall monitor the issuance of building permits by the City within CFD No. 2013-3 (IA No. 11) on a weekly basis prior to IA No. 11 Buildout. If a property owner receives a Compliance Letter for the development of Non-Residential Property that is Pending Development, and should that property owner be issued a building permit to construct a building that is not consistent with the Projected Non-Residential Property listed in the Compliance Letter, such Compliance Letter shall be nullified, and a new review of such Non-Residential Property shall be conducted by the CFD Administrator, as called for under Section D.2., below, based on the development identified on the building permit.

2. Development Not Utilizing Optional Compliance Letter

(a) Residential Property

After the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 10) Bonds, the CFD Administrator shall, no less frequently than once each week prior to IA No. 11 Buildout, obtain from the City Building and Safety Division a list of building permits for Residential Property within CFD No. 2013-3 (IA No. 10) that have been issued during the period since the CFD Administrator last obtained such building permit information. The CFD Administrator shall determine those building permit issuances for which Compliance Letters have not already been issued, and shall identify the Assessor’s Parcels or tract and lot numbers on which the construction that is the subject of such permit issuances is taking place, and the Development Phase and Land Use Class for each Dwelling Unit that is Pending Development. Such determination shall be completed within 15 days of the CFD Administrator’s obtaining the building permit data from the City Building Department.

If the CFD Administrator determines for Land Use Classes 1-30 that (i) the number of Dwelling Units for which building permits have been issued for a specific Land Use Class in a Development Phase, plus those Dwelling Units previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, does not exceed the Total Number of Expected Dwelling Units for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, and (ii) the total number of Dwelling Units anticipated to be constructed in the Development Phase as a result of these building permits, as provided by the Developer and approved by the City, is not less than the Total Number of Expected Dwelling Units reflected in the Bond Issuance Development Phase Table for that Development Phase, then no One-Time Special Tax shall be levied on the Assessor’s Parcels or lots on which such development is occurring.

However, should the CFD Administrator determine that (i) the Dwelling Units for such Land Use Class included in these building permits for a Development Phase, plus those previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, cause the total
number of such Dwelling Units to exceed the Total Number of Expected Dwelling Units for that Land Use Class as listed in the Bond Issuance Development Phase Table for that Development Phase, or (ii) the total number of Dwelling Units anticipated to be constructed in the entire Development Phase as a result of the request would decrease the number of Dwelling Units to be constructed to below the Total Number of Expected Dwelling Units for the entire Development Phase reflected in the Bond Issuance Development Phase Table, then the CFD Administrator shall undertake the calculations listed under this Section D to determine whether or not a One-Time Special Tax shall be levied on this Residential Property.

(b) Non-Residential Property

After the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 10) Bonds, the CFD Administrator shall, no less frequently than once each week, obtain from the City Building and Safety Division a list of the building permits for Non-Residential Property within CFD No. 2013-3 (IA No. 11) that have been issued during the period since the CFD Administrator last obtained such building permit information. The CFD Administrator shall determine those building permit issuances for which Compliance Letters have not already been issued, and shall identify the Assessor’s Parcels or tract and lot numbers on which the construction that is the subject of such permit issuances is taking place, and the Land Use Class for the Non-Residential Property that is Pending Development. Such determination shall be completed within 15 days of the CFD Administrator’s obtaining the building permit data from the City Building Department.

The CFD Administrator shall assign the Acreage of Non-Residential Property being requested to Land Use Classes 31 through 36 in the applicable Development Phase within which such Non-Residential Property Acreage is to be located based on the type of use. If the CFD Administrator determines for Land Use Classes 31-36 that (i) the amount of Non-Residential Property Acreage associated with a building permit for a specific Land Use Class in a Development Phase, plus the Non-Residential Property Acreage previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, does not exceed the Total Expected Non-Residential Property Acreage for that Land Use Class as listed in the Bond Issuance Development Phase Table, and (ii) the total amount of Non-Residential Property Acreage anticipated to be constructed in the entire Development Phase as a result of the building permit, as submitted by the Developer and approved by the City, is not less than the Total Expected Non-Residential Property Acreage reflected in the Bond Issuance Development Phase Table for the Development Phase, then no One-Time Special Tax shall be levied on such Non-Residential Property.

However, should the CFD Administrator determine that (i) the Non-Residential Property Acreage for such Land Use Class included in this building permit in a Development Phase, plus the Non-Residential Property Acreage previously identified and approved by the CFD Administrator as belonging to such Land Use Class in the Development Phase, cause the total Non-Residential Property Acreage to exceed the Total Expected Non-Residential Property Acreage for that
Land Use Class as listed in the Bond Issuance Development Phase Table for the Development Phase, or (ii) the total Non-Residential Property Acreage anticipated to be constructed in the entire Development Phase as a result of this building permit would decrease the amount of Non-Residential Property Acreage to be constructed to below the Total Expected Non-Residential Property Acreage for the entire Development Phase reflected in the Bond Issuance Development Phase Table, then the CFD Administrator shall undertake the calculations listed under this Section D to determine whether or not a One-Time Special Tax shall be levied on this Non-Residential Property.
### TABLE 2

**BOND ISSUANCE DEVELOPMENT PHASE TABLE**

Expected Residential Dwelling Units and Non-Residential Property Acreage per Land Use Class

Improvement Area No. 11 of CFD No. 2013-3

<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Description</th>
<th>Expected Residential Dwelling Units/Non-Residential Property Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DETACHED RESIDENTIAL (⇌ 5,700 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>2</td>
<td>DETACHED RESIDENTIAL (5,450 SF - 5,699 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>3</td>
<td>DETACHED RESIDENTIAL (5,200 SF - 5,449 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>4</td>
<td>DETACHED RESIDENTIAL (4,950 SF – 5,199 SF)</td>
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</tr>
<tr>
<td>5</td>
<td>DETACHED RESIDENTIAL (4,700 SF - 4,949 SF)</td>
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</tr>
<tr>
<td>6</td>
<td>DETACHED RESIDENTIAL (4,450 SF - 4,699 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>7</td>
<td>DETACHED RESIDENTIAL (4,200 SF - 4,449 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>8</td>
<td>DETACHED RESIDENTIAL (3,950 SF - 4,199 SF)</td>
<td>TBD</td>
</tr>
<tr>
<td>9</td>
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<tr>
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<td>DETACHED RESIDENTIAL (3,200 SF - 3,449 SF)</td>
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</tr>
<tr>
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</tr>
<tr>
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<td>-------------</td>
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<td>30</td>
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<td>31</td>
<td>TOTAL NUMBER OF EXPECTED DWELLING UNITS (LAND USE CLASSES 1-30)</td>
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<tr>
<td>32</td>
<td>NON-RESIDENTIAL - COMMERCIAL PROPERTY</td>
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*Imbalance Area No. 11 of the City of Irvine Community Facilities District No. 2013-3 (Great Park)*

Page 23
<table>
<thead>
<tr>
<th>Land Use Class</th>
<th>Description</th>
<th>Expected Residential Dwelling Units/Non-Residential Property Acreage</th>
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</thead>
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<td>NON-RESIDENTIAL – INSTITUTIONAL PROPERTY</td>
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<td>NON-RESIDENTIAL – OFFICE PROPERTY</td>
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<td>NON-RESIDENTIAL – AUTO CENTER</td>
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</tr>
<tr>
<td>36</td>
<td>OTHER NON-RESIDENTIAL PROPERTY</td>
<td>TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD</td>
</tr>
<tr>
<td></td>
<td>TOTAL EXPECTED NON-RESIDENTIAL PROPERTY ACREAGE/FLOOR AREA (LAND USE CLASSES 31-36)</td>
<td>TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD               TBD</td>
</tr>
</tbody>
</table>
3. **Calculation of One-Time Special Tax**

If a One-Time Special Tax calculation is required as determined by the CFD Administrator pursuant to Section D.1 or Section D.2., for any Pending Development, the CFD Administrator shall review the Bond Issuance Development Phase Table with respect to the applicable Development Phase(s) in consultation with the current property owner(s) for all remaining Final Mapped Property and Undeveloped Property within such Development Phase, and shall prepare an Updated Development Phase Table identifying the revised number of Dwelling Units and/or the amount of Non-Residential Property Acreage anticipated within each Land Use Class for that Development Phase. If no Development Phases are included in the Bond Issuance Development Phase Table, such analysis shall be applied to the entire CFD No. 2013-3 (IA No. 11), as shall the analyses cited throughout this Section D.3. The CFD Administrator shall not be responsible for any delays in preparing the Updated Development Phase Table that result from a refusal on the part of one or more current property owners of Final Mapped Property or Undeveloped Property within the applicable Development Phase to provide information on their future development. If such a refusal on the part of one or more current property owners persists for more than 14 days, the CFD Administrator shall rely on the Residential Property and/or Non-Residential Property identified in the Bond Issuance Development Phase Table for the Final Mapped Property and/or Undeveloped Property within the applicable Development Phase.

The CFD Administrator shall then review the Updated Development Phase Table and determine the One-Time Special Tax, if any, to be levied on the applicable Assessor’s Parcels of Pending Development being analyzed. The calculations shall be undertaken by the CFD Administrator, based on the data in the applicable Updated Development Phase Table, as follows:

Step 1. Compute the sum of the Annual Special Tax revenues authorized to be levied on all Developed Property and Update Property within the applicable Development Phase, plus the sum of the Annual Special Tax revenues authorized to be levied on all future development within the applicable Development Phase as identified in the Updated Development Phase Table assuming IA No. 11 Buildout, as determined by the CFD Administrator in consultation with the property owner(s).

Step 2. Determine the Annual Special Tax revenues expected to be generated by the applicable Development Phase based on the Bond Issuance Development Phase Table.

Step 3. If the total sum computed pursuant to Step 1 is greater than or equal to the amount computed pursuant to Step 2, then no One-Time Special Tax shall be required and a Compliance Letter shall be awarded to the property owner by the CFD Administrator for all Pending Development. If the total sum computed pursuant to Step 1 is less than the amount computed pursuant to Step 2, subtract the amount computed pursuant to Step 1 from the amount computed pursuant to Step 2 (hereinafter called the “Remaining Amount”), then continue to Step 4.

Step 4. Determine the Annual Special Tax revenues expected to be generated by all Development Phases based on the Bond Issuance Development Phase Table.
Step 5. Multiply the amount of Outstanding Bonds by a fraction, the numerator of which is the Remaining Amount computed for such Development Phase in Step 3, and the denominator of which is the amount computed for all Development Phases in Step 4. The result is the amount of Outstanding Bonds that can be supported by the shortfall computed pursuant to Step 3. Round up the amount determined under this Step 5 to the nearest increment of $5,000 to compute the amount of Outstanding Bonds to be redeemed.

Step 6. Multiply the amount computed pursuant to Step 5 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 7. Compute the amount needed to pay interest on the amount computed pursuant to Step 5 from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest possible redemption date for the Outstanding Bonds, and subtract therefrom the estimated amount of interest earnings to be derived from the reinvestment of the amounts computed pursuant to Step 5 and Step 6 until such redemption.

Step 8. Determine all of the administrative costs associated with implementing the One-Time Special Tax, including the costs of computation of the One-Time Special Tax, the costs to invest the One-Time Special Tax proceeds and the costs of redeeming Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds.

Step 9. A reserve fund credit shall be determined. The credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as specified in the Indenture), if any, associated with the redemption of Outstanding Bonds with proceeds of the One-Time Special Tax, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds with proceeds of the One-Time Special Tax from the balance in the reserve fund on the determination date of the One-Time Special Tax, but in no event shall such amount be less than zero. No reserve fund credit shall be granted if the amount then on deposit in the reserve fund for the Outstanding Bonds is below 100% of the reserve requirement (as defined in the Indenture).

Step 10. The One-Time Special Tax is equal to the sum of the amounts computed pursuant to Steps 5, 6, 7 and 8, less the credit computed pursuant to Step 9.

4. Billing and Collection of One-Time Special Tax

The One-Time Special Tax for any Development Phase, as calculated above, shall be levied by means of direct billing of the owners of the Assessor’s Parcels for all Pending Development in that Development Phase that has been found to be Non-Compliant Property. The total One-Time Special Taxes required as a result of an Assessor's Parcel of Non-Compliant Property shall be divided proportionately among all of the Pending Development owned by the property owner of such Assessor's Parcel, based on the relative amount of Annual Special Taxes to be levied on and applied to the Assessor’s Parcels of Pending Development owned by such property owner in the next Fiscal Year. The resulting One-Time Special Tax levied on each Assessor's Parcel of Pending Development owned by such property owner shall have the same priority and bear the
same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property. CFD No. 2013-3 (IA No. 11) shall effect the levy of the One-Time Special Tax in accordance with the ordinance of the City levying the Special Taxes.

The CFD Administrator shall prepare a bill for the One-Time Special Tax payable with respect to each Assessor’s Parcel of Pending Development and shall send such bill to the property owner of such parcel by United States first-class mail, postage prepaid. Said bill shall be so mailed no later than five business days after the date of the calculation, and shall be dated as of the date of such mailing. The One-Time Special Tax shall be due and payable upon the One-Time Special Tax Payment Date. The ownership and billing address for each such Assessor's Parcel shall be ascertained from the records of the Assessor of the County. Each such bill shall state the amount of the One-Time Special Tax payable, the One-Time Special Tax Payment Date, and shall inform the property owner that, if such One-Time Special Tax is not paid by such date, penalties and interest will begin to accrue, foreclosure proceedings may be initiated and a lis pendens may be recorded against the Assessor's Parcel until the One-Time Special Tax is paid.

5. **Term; Exemptions**

The One-Time Special Tax shall terminate and no longer be levied or collected pursuant to this Rate and Method of Apportionment on the date that is the later of (i) the Fiscal Year immediately following the fortieth anniversary of the date on which the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds were sold or (ii) Fiscal Year 2059-2060. Property exempt from the levy of the Special Taxes by law or pursuant to the provisions of Section F, below, shall also be exempt from the levy of the One-Time Special Tax.

6. **Maximum One-Time Special Tax Disclosure**

While the actual One-Time Special Tax shall be calculated based on the methodology delineated in Sections D.1, D.2, and D.3, above, Section 53321(d) of the California Government Code requires that a rate and method of apportionment allow a property owner to estimate the maximum special taxes that could potentially be levied on its property. The Maximum One-Time Special Tax for an Assessor’s Parcel may be estimated by utilizing the following methodology:

(a) **Residential Property**

Step 1. Divide the Annual Special Tax rate listed in Table 1 for a Dwelling Unit in Land Use Class 1 by the Total Assumed Annual Special Taxes.

Step 2. Multiply the quotient resulting from Step 1 by the Authorized Bonded Indebtedness. The product of these two numbers is the Maximum One-Time Special Tax for a Dwelling Unit of Residential Property in CFD No. 2013-3 (IA No. 11).

(b) **Non-Residential Property**

Step 1. Divide the Annual Special Tax rate listed in Table 1 on an Acreage or on a projected Non-Residential Floor Area basis, whichever is greater, for the Land Use Class in which the Non-Residential Property belongs, by the Total
Assumed Annual Special Taxes.

Step 2. Multiply the quotient resulting from Step 1 by the Authorized Bonded Indebtedness. The product of these two numbers is the Maximum One-Time Special Tax on an Acreage or a Non-Residential Floor Area basis for Non-Residential Property in CFD No. 2013-3 (IA No. 11).

E. METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

1. Annual Levy

Commencing with Fiscal Year 2019-2020 and for each following Fiscal Year, the Council shall levy the Annual Special Tax as follows:

First: The Annual Special Tax shall be levied on each Assessor’s Parcel of Developed Property in an amount equal to 100% of the applicable Maximum Annual Special Tax for Developed Property.

Second: Determine the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement and Proportionately levy the Annual Special Tax on each Assessor’s Parcel of Final Mapped Property until the amount levied on Final Mapped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement, or (ii) 100% of the Intermediate Maximum Annual Special Tax for Final Mapped Property.

Third: If additional monies are needed to satisfy the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement after the first two steps have been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement less the amount levied pursuant to the second step above, or (ii) 100% of the Intermediate Maximum Annual Special Tax for Undeveloped Property.

Fourth: If additional monies are needed to satisfy the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement after the first three steps have been completed, then the Annual Special Tax levy on each Assessor's Parcel of Final Mapped Property and Undeveloped Property shall be increased in equal percentages from the Intermediate Maximum Annual Special Tax up to 100% of the Maximum Annual Special Tax for Final Mapped Property and Undeveloped Property until the Final Mapped Property/Undeveloped Property Annual Special Tax Requirement is satisfied.

Fifth: Determine the Taxable Property Owner Association Property/Taxable Public Property Annual Special Tax Requirement and Proportionately levy the Annual Special Tax on each Assessor’s Parcel of Taxable Property Owner Association Property until the amount levied on Taxable Property Owner Association Property is equal to the lesser of (i) the Taxable Property Owner Association Property/Taxable Public Property Annual Special Tax Requirement or (ii) 100% of the Maximum Annual Special Tax for Taxable Property Owner Association Property.
Sixth: If additional monies are needed to satisfy the Taxable Property Owner Association Property/Taxable Public Property Annual Special Tax Requirement after the fifth step has been completed, then the Annual Special Tax shall be levied proportionately on each Assessor’s Parcel of Taxable Public Property until the amount levied on Taxable Public Property is equal to the lesser of (i) the Taxable Property Owner Association Property/Taxable Public Property Annual Special Tax Requirement less the amount levied pursuant to the fifth step above, or (ii) 100% of the Maximum Annual Special Tax for Taxable Public Property.

F. EXEMPTIONS

No Special Tax shall be levied on up to (i) 20.83 Acres of Property Owner Association Property in CFD No. 2013-3 (IA No. 11), (ii) 33.48 Acres of Public Property in CFD No. 2013-3 (IA No. 11), and (iii) 0 Acres of Church Property in CFD No. 2013-3 (IA No. 11). No Special Tax shall be levied on Affordable Housing, Moderate Affordable Units, and Moderate Affordable Senior Units provided that the number of such Dwelling Units in CFD No. 2013-3 (IA No. 11) does not cause the total of such Dwelling Units within CFD No. 2013-3 to exceed 1,048 Dwelling Units. Once 1,048 Dwelling Units have been assigned to these three categories, all additional Affordable Housing, Moderate Affordable Units, and Moderate Affordable Senior Units Dwelling Units shall be subject to the Special Tax Rates assigned to comparable-sized market rate Dwelling Units, as listed in Table 1. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property in CFD No. 2013-3 (IA No. 11) becomes Public Property, Property Owner Association Property, Church Property, Affordable Housing, Moderate Affordable Units, or Moderate Affordable Senior Units. However, should an Assessor’s Parcel no longer be classified as Public Property, Property Owner Association Property, Church Property, Affordable Housing, Moderate Affordable Units, or Moderate Affordable Senior Units, 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 Annual Special Tax (as well as the One-Time Special Tax) and shall be taxed proportionately as part of the fifth step and sixth step in Section E above, respectively, at up to 100% of the applicable Maximum Annual Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Church Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Annual Special Tax (as well as the One-Time Special Tax) and shall be taxed proportionately as Other Non-Residential Property in Section E above, at up to 100% of the applicable Maximum Annual Special Tax for Other Non-Residential Property.

Affordable Housing, Moderate Affordable Units, and Moderate Affordable Senior Units that are not exempt from the Special Tax under this section shall be subject to the levy of the Annual Special Tax (as well as the One-Time Special Tax) and shall be taxed proportionately as Residential Property in Section E above, at up to 100% of the applicable Maximum Annual Special Tax for the applicable Land Use Class 1-29, based on whether the Dwelling Unit is attached or detached and its square footage.

Notwithstanding the foregoing paragraphs, prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, if an Assessor’s Parcel subject to the Special Tax becomes Public Property, the Assessor’s Parcel shall be deemed Exempt Property and shall
be exempt from the levy of the Special Tax so long as such Assessor’s Parcel remains Public Property.

Assessor’s Parcels or Units that are exempt from the levy of the Annual Special Tax under this Section F are also exempt from the payment of any One-Time Special Taxes.

G. **MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the City, through the CFD Administrator may (i) directly bill the Annual Special Tax (as well as the One-Time Special Tax), and/or may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations or as otherwise required herein and (ii) may covenant to foreclose and may actually foreclose on delinquent Assessor’s Parcels. All direct billings shall be due within 30 days of the billing date.

H. **APPEALS AND INTERPRETATIONS**

Any landowner who feels that the amount of the Special Tax levied on their Assessor’s Parcel is in error may submit a written appeal to the CFD Administrator. The CFD Administrator shall review the appeal and if the City concurs, a refund shall be provided that is consistent with statutory requirements in the Revenue and Taxation Code. The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeals.

I. **PREPAYMENT OF ANNUAL SPECIAL TAX**

Under this Rate and Method of Apportionment, an Assessor’s Parcel within CFD No. 2013-3 (IA No. 11) is permitted to prepay a portion of the Maximum Annual Special Tax (the “Prepayable Portion of the Annual Special Tax”). The obligation of the Assessor’s Parcel to pay the Prepayable Portion of the Annual Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor’s Parcels of Developed Property, or an Assessor’s Parcel of Final Mapped Property or Undeveloped Property for which a building permit for construction has been issued after January 1, 2019, and 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 fully or partially prepay the Prepayable Portion of the Annual Special Tax shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to a date that notice of redemption of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds from the proceeds of such prepayment must be given by the Trustee pursuant to the Indenture. No portion of the Maximum Annual Special Tax other than the Prepayable Portion of the Annual Special Tax may be prepaid. Only Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds may be redeemed as the result of any prepayment in this Section I Prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the percentages identified in Section I (in
connection with the calculation of the Prepayable Portion of the Residential Property Annual Special Tax and the Prepayable Portion of the Non-Residential Property Annual Special Tax) and Section J may be changed to reflect changes in development, without the need for any proceedings to make changes permitted under the Act.

1. Full Prepayment of the Prepayable Portion of the Annual Special Tax

The full Prepayment Amount of the Prepayable Portion of the Annual Special Tax shall be the Prepayment Amount identified in Section (a) below, for Residential Property, and the Prepayment Amount identified in Section (b) below for Non-Residential Property.

(a) Residential Property

As of the proposed date of prepayment, the full Prepayment Amount for Residential Property Annual Special Taxes shall be determined by application of the following steps:

Step 1. Determine the number of future years remaining until the Fiscal Year in which the fortieth anniversary of the date on which the first issue of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds was sold occurs, not including the current Fiscal Year. If Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds have not yet been issued, the number shall be 40.

Step 2. Determine the Maximum Annual Special Tax being levied in the current Fiscal Year on the Assessor’s Parcel prepaying the Annual Special Tax (under the assumption that the Assessor’s Parcel is Developed Property).

Step 3. Multiply the Maximum Annual Special Tax calculated pursuant to Step 2 by 76.90% (the “Prepayable Portion of the Residential Property Annual Special Tax”).

Step 4. Determine the amount of Annual Special Tax levied in the current Fiscal Year on such Assessor’s Parcel which has not yet been paid and multiply this amount by 76.90%.

Step 5. The Prepayment Amount determined under this Section (a) shall be computed by calculating the sum of the following: (i) the net present value of the flow of annual revenues from the Prepayable Portion of the Residential Property Annual Special Tax as determined under Step 3, for the number of years identified in Step 1, escalated annually by 2.0%, using a discount rate equal to the Discount Rate; and (ii) the unpaid current Fiscal Year’s Prepayable Portion of the Residential Property Annual Special Tax as determined under Step 4 (collectively, the “Prepayment Amount”).

(b) Non-Residential Property

As of the proposed date of prepayment, the full Prepayment Amount for Non-Residential Property Annual Special Taxes shall be determined by application of the following steps:

Step 1. Determine the number of future years remaining until the Fiscal Year in which the fortieth anniversary of the date on which the first issue of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds was sold occurs, not including the current Fiscal Year. If Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds have not yet been issued, the number shall be 40.

Step 2. Determine the Maximum Annual Special Tax being levied in the current Fiscal Year on the Assessor’s Parcel prepaying the Annual Special Tax (under the assumption that the Assessor’s Parcel is Developed Property).
Improvement Area No. 11 of the City of Irvine Community Facilities District No. 2013-3 (Great Park)

Year on the Assessor’s Parcel prepaying the Annual Special Tax (under the assumption that the Assessor’s Parcel is Developed Property).

Step 3. Multiply the Maximum Annual Special Tax calculated pursuant to Step 2 by 78.71% (the “Prepayable Portion of the Non-Residential Annual Special Tax”).

Step 4. Determine the amount of Annual Special Tax levied in the current Fiscal Year on such Assessor’s Parcel which has not yet been paid and multiply this amount by 78.71%.

Step 5. The Prepayment Amount determined under this Section (b) shall be computed by calculating the sum of the following: (i) the net present value of the flow of annual revenues from the Prepayable Portion of the Non-Residential Annual Special Tax as determined under Step 3, for the number of years identified in Step 1, escalated annually by 2.0%, using a discount rate equal to the Discount Rate; and (ii) the unpaid current Fiscal Year’s Prepayable Portion of the Non-Residential Annual Special Tax as determined under Step 4 (collectively, the “Prepayment Amount”).

2. Partial Prepayment of the Prepayable Portion of the Special Tax

The amount of the partial prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

\[ PP = PE \times F \]

These terms have the following meaning:

- \( PP \) = the Partial Prepayment Amount of the Prepayable Portion of the Annual Special Tax
- \( PE \) = the Prepayment Amount of the Prepayable Portion of the Annual Special Tax calculated according to Section I.1.(a) (for Residential Property) or Section I.1.(b) (for Non-Residential Property).
- \( F \) = the percentage, expressed as a decimal, by which the owner of the Assessor’s Parcel is partially prepaying the Prepayable Portion of the Annual Special Tax.

3. General Provisions Applicable to Prepayment

(a) Use of Prepayments

Subsequent to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the Prepayment Amount of the Prepayable Portion of the Annual Special Tax shall be applied in the following order of priority: (i) to be deposited into specific funds established under the Indenture, to fully or partially retire as many Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds as possible, and, if amounts are less than $5,000, to make debt service payments on the Non-Subordinate CFD No. 2013-3 (IA No. 10) Bonds, (ii) to finance Group A Facilities and/or Group B Facilities, as identified in the Amended and Restated Development Agreement, and (iii) to be remitted to the City and used for any Authorized Facilities or Authorized Services in accordance with the Amended and Restated Development Agreement. Prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the Prepayment Amount of the Prepayable Portion of the Annual Special Tax shall be applied in the following order of priority: (i) to finance Group A and/or Group B Facilities, as identified in the Amended and Restated Development Agreement, and (ii) to be remitted to the City and used for...
any Authorized Facilities or Authorized Services in accordance with the Amended and Restated Development Agreement.

(b) **Full Prepayment of the Prepayable Portion of the Special Tax**

Upon confirmation of the payment of the current Fiscal Year’s entire Prepayable Portion of the Annual Special Tax, the CFD Administrator shall remove the current Fiscal Year’s Prepayable Portion of the Annual Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid in accordance with Section I.1, the CFD Administrator shall indicate in the records of CFD No. 2013-3 (IA No. 11) that there has been a prepayment of the Prepayable Portion of the Annual Special Tax and that a portion of the Maximum Annual Special Tax with respect to such Assessor’s Parcel, equal to 23.10% of the Maximum Annual Special Tax for Residential Property and 21.29% of the Maximum Annual Special Tax for Non-Residential Property, shall continue to be levied on such Assessor’s Parcel pursuant to Section E.

(c) **Partial Prepayment of the Prepayable Portion of the Special Tax**

Upon confirmation of the payment of a portion of the current Fiscal Year’s Prepayable Portion of the Annual Special Tax, the CFD Administrator shall remove a portion of the current Fiscal Year’s Prepayable Portion of the Annual Special Tax levy for such Assessor’s Parcel from the County tax rolls equal to that amount included in the partial prepayment for such Assessor’s Parcel determined in Section I.2. With respect to any Assessor’s Parcel that is partially prepaid in accordance with Section I.2, the CFD Administrator shall indicate in the records of CFD No. 2013-3 (IA No. 11) that there has been a partial prepayment of the Prepayable Portion of the Annual Special Tax and that a portion of the Maximum Annual Special Tax with respect to such Assessor’s Parcel, equal to the outstanding percentage \[1.00 - (0.7690 \times F)\] multiplied by the Maximum Annual Special Tax for Residential Property and \[1.00 - (0.7871 \times F)\] multiplied by the Maximum Annual Special Tax for Non-Residential Property shall continue to be levied on such Assessor’s Parcel pursuant to Section E.

(d) **Debt Service Coverage**

Notwithstanding the foregoing, no prepayment of the Prepayable Portion of the Annual Special Tax shall be allowed unless, at the time of such proposed prepayment, the Annual Special Tax that may be levied on Taxable Property within CFD No. 2013-3 (IA No. 11) in all Fiscal Years (after excluding 20.83 Acres of Property Owner Association Property, 33.48 Acres of Public Property, 0 Acres of Church Property, and the expected number of Affordable Property, Moderate Affordable Units, and Moderate Affordable Senior Units that will be Exempt Property in CFD No. 2013-3 (IA No. 11) as set forth in Section F), both prior to and after the proposed prepayment, is at least equal to the Debt Service Coverage times the debt service necessary to support the remaining Outstanding Bonds.

J. **TERM OF ANNUAL SPECIAL TAX**

84.59% of the Maximum Annual Special Tax on Residential Property and 86.58% of the Maximum
Annual Special Tax on Non-Residential Property shall terminate and no longer be levied or collected pursuant to this Rate and Method of Apportionment on the date that is the later of (i) the Fiscal Year immediately following the fortieth anniversary of the date on which the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds were sold or (ii) Fiscal Year 2059-2060. The remaining portion of the Annual Special Tax for both Residential Property and Non-Residential Property shall be levied into perpetuity.

Prior to the issuance of the first series of Non-Subordinate CFD No. 2013-3 (IA No. 11) Bonds, the termination percentages listed immediately above may be changed to reflect changes in development, without the need for any proceedings to make changes permitted under the Act.

K. **NO EXTENSION OR MODIFICATION OF AMENDED AND RESTATED DEVELOPMENT AGREEMENT**

Notwithstanding any reference to the Amended and Restated Development Agreement, nothing herein shall incorporate extensions to or modifications of the Amended and Restated Development Agreement in to the Rate and Method of Apportionment.
EXHIBIT A

CERTIFICATE TO AMEND ANNUAL SPECIAL TAX

CITY OF IRVINE AND CFD No. 2013-3 (IA No. 11) CERTIFICATE

1. Pursuant to Section C 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 Orange as Instrument No. XXXXXX on MM/DD/YYYY, the City of Irvine (“City”) and City of Irvine Community Facilities District No. 2013-3 ("CFD No. 2013-3 (IA No. 11)") hereby reduce some or all of the Maximum Annual Special Taxes for Residential Property or the Special Taxes for Non-Residential Property set forth in Table 1 of the Rate and Method of Apportionment for CFD No. 2013-3 (IA No. 11).

The information in Table 1 relating to the Fiscal Year 2019-2020 Maximum Annual Special Tax for Developed Property within CFD No. 2013-3 (IA No. 11) shall be amended and restated in full as follows:

<table>
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<th>Land Use Class</th>
<th>Description</th>
<th>Maximum Special Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DETACHED RESIDENTIAL PROPERTY (=&gt; 5,700 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>2</td>
<td>DETACHED RESIDENTIAL PROPERTY (5,450 SF - 5,699 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>3</td>
<td>DETACHED RESIDENTIAL PROPERTY (5,200 SF - 5,449 SF)</td>
<td>$[_____] per Dwelling Unit</td>
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<td>$[_____] per Dwelling Unit</td>
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<td>5</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,700 SF - 4,949 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>6</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,450 SF - 4,699 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>7</td>
<td>DETACHED RESIDENTIAL PROPERTY (4,200 SF - 4,449 SF)</td>
<td>$[_____] per Dwelling Unit</td>
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<td>8</td>
<td>DETACHED RESIDENTIAL PROPERTY (3,950 SF - 4,199 SF)</td>
<td>$[_____] per Dwelling Unit</td>
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<tr>
<td>9</td>
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<td>$[_____] per Dwelling Unit</td>
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<td>$[_____] per Dwelling Unit</td>
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<tr>
<td>13</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,700 SF - 2,949 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>14</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,450 SF - 2,699 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>15</td>
<td>DETACHED RESIDENTIAL PROPERTY (2,200 SF - 2,449 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>16</td>
<td>DETACHED RESIDENTIAL PROPERTY (1,950 SF - 2,199 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>17</td>
<td>DETACHED RESIDENTIAL PROPERTY (1,700 SF - 1,949 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>18</td>
<td>DETACHED RESIDENTIAL PROPERTY (&lt; 1,700 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>19</td>
<td>ATTACHED RESIDENTIAL PROPERTY (=&gt; 2,600 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>20</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,400 SF – 2,599 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>Land Use Class</td>
<td>Description</td>
<td>Maximum Special Tax</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------------------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>21</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,200 SF – 2,399 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>22</td>
<td>ATTACHED RESIDENTIAL PROPERTY (2,000 SF – 2,199 SF)</td>
<td>$[_____] per Dwelling Unit</td>
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<tr>
<td>23</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,800 SF – 1,999 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>24</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,600 SF – 1,799 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>25</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,400 SF – 1,599 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>26</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,200 SF – 1,399 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>27</td>
<td>ATTACHED RESIDENTIAL PROPERTY (1,000 SF – 1,199 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>28</td>
<td>ATTACHED RESIDENTIAL PROPERTY (800 SF – 999 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>29</td>
<td>ATTACHED RESIDENTIAL PROPERTY (&lt; 800 SF)</td>
<td>$[_____] per Dwelling Unit</td>
</tr>
<tr>
<td>30</td>
<td>AFFORDABLE HOUSING, MODERATE AFFORDABLE UNITS, AND MODERATE AFFORDABLE SENIOR UNITS</td>
<td>$0 per Dwelling Unit</td>
</tr>
<tr>
<td>31</td>
<td>NON-RESIDENTIAL - COMMERCIAL PROPERTY</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>32</td>
<td>NON-RESIDENTIAL – INDUSTRIAL PROPERTY</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>33</td>
<td>NON-RESIDENTIAL – INSTITUTIONAL PROPERTY</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>34</td>
<td>NON-RESIDENTIAL – OFFICE PROPERTY</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>35</td>
<td>NON-RESIDENTIAL – AUTO CENTER</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
<tr>
<td>36</td>
<td>OTHER NON-RESIDENTIAL PROPERTY</td>
<td>$[<em><strong><strong>] per square foot of Non-Residential Floor Area or $[</strong></strong></em>] per Acre, when applied, whichever is greater</td>
</tr>
</tbody>
</table>
2. Upon execution of the certificate by the City and CFD No. 2013-3 (IA No. 11), the City shall cause an amended notice of special tax lien for CFD No. 2013-3 (IA No. 11) to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the County and CFD No. 2013-3 (IA No. 11), receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

CITY OF IRVINE

By: ____________________________  Date: ____________________________
   Director of Administrative Services

CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3

By: ____________________________  Date: ____________________________
   CFD Administrator
## EXHIBIT B

### ANNUAL GUARANTEED AMOUNTS FOR CFD No. 2013-3

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-2020</td>
<td>$10,692,334</td>
</tr>
<tr>
<td>Each Fiscal Year Thereafter, Commencing in Fiscal Year 2020-2021</td>
<td>Increase Amount in Prior Fiscal Year by 3%.</td>
</tr>
</tbody>
</table>

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*Improvement Area No. 11 of the City of Irvine Community Facilities District No. 2013-3 (Great Park)*

*Page B-1*
CITY COUNCIL RESOLUTION NO. 20-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IRVINE, CALIFORNIA, AS THE LEGISLATIVE BODY OF CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK), DECLARING ITS INTENTION TO INCUR BONDED INDEBTEDNESS FOR IMPROVEMENT AREA NO. 11 OF THE CITY OF IRVINE COMMUNITY FACILITIES DISTRICT NO. 2013-3 (GREAT PARK)

WHEREAS, the City Council, as the legislative body of City of Irvine Community Facilities District No. 2013-3 (Great Park) (the “Community Facilities District”), has this date adopted its resolution entitled “A Resolution of Consideration and Intention of the City Council of the City of Irvine, California, as the Legislative Body of City of Irvine Community Facilities District No. 2013-3 (Great Park), to Change and Modify an Existing Improvement Area and Thereby Designate an Additional Improvement Area, Improvement Area No. 11, Within City of Irvine Community Facilities District No. 2013-3 (Great Park) and to Authorize the Levy of Special Taxes,” (“Resolution of Intention”) stating its intention to designate Improvement Area No. 11 (as described in the Resolution of Intention), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code, for the purpose of financing the acquisition and/or construction of Facilities and Services (as such terms are defined in the Resolution of Intention), as further provided in said Resolution of Intention; and

WHEREAS, the City Council estimates the amount required for the acquisition and/or construction of the Facilities and Services in Improvement Area No. 11 to be the sum not to exceed One Hundred Fifty-Five Million Dollars ($155,000,000); and

WHEREAS, in order to finance the Facilities and Services, it is necessary to incur bonded indebtedness within Improvement Area No. 11 in the amount of up to One Hundred Fifty-Five Million Dollars ($155,000,000).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Irvine, as the Legislative Body of City of Irvine Community Facilities District No. 2013-3 (Great Park), as follows:

SECTION 1. It is necessary to incur bonded indebtedness within the boundaries of Improvement Area No. 11 of the Community Facilities District in the amount of up to One Hundred Fifty-Five Million Dollars ($155,000,000) in order to finance the cost of the Facilities and Services.

SECTION 2. The bonded indebtedness is proposed to be incurred for the purpose of financing the cost of the Facilities, including acquisition and improvement costs and all costs incidental to or connected with the accomplishment of said purposes, and of the financing thereof as permitted by Section 53345.3 of the Act.

ATTACHMENT 3
SECTION 3. This City Council, acting as the legislative body of the Community Facilities District, intends to authorize the issuance and sale of bonds of Improvement Area No. 11, in one or more series, from time to time, in the maximum aggregate principal amount of not to exceed One Hundred Fifty-Five Million Dollars ($155,000,000), bearing interest payable semi-annually or in such other manner as this City Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such series of bonds, and maturing not to exceed forty (40) years from the date of the issuance of said series bonds.

SECTION 4. On March 10, 2020, at 4:00 P.M. in the City Council Chambers, One Civic Center Plaza, Irvine, California, this City Council shall conduct a public hearing on the proposed debt issuance, and will consider and finally determine whether the public interest, convenience and necessity require the proposed debt authorization for Improvement Area No. 11 of the Community Facilities District.

SECTION 5. The City Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper of general circulation, which is circulated within the area of Improvement Area No. 11. The publication of said notice shall be completed at least seven (7) days before the date herein set for said public hearing. Said notice shall be in the form set forth in Section 53346 of the Act. Notice shall also be mailed to each landowner.

SECTION 6. This Resolution shall take effect immediately upon its adoption.
PASSED and ADOPTED by the City Council of the City of Irvine at a regular meeting held on the 28th day of January 2020.

__________________________________
MAYOR OF THE CITY OF IRVINE

ATTEST:

__________________________________
CITY CLERK OF THE CITY OF IRVINE

STATE OF CALIFORNIA )
COUNTY OF ORANGE    ) SS
CITY OF IRVINE     )

I, MOLLY M. PERRY, City Clerk of the City of Irvine, HEREBY DO CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the City Council of the City of Irvine, held at the 28th day of January 2020 by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

__________________________________
CITY CLERK OF THE CITY OF IRVINE