

ORDINANCE NO. 683
(AS AMENDED THROUGH 683.1)
AN ORDINANCE OF THE COUNTY OF RIVERSIDE
AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES
DISTRICT NO. 88-8 ("A" STREET-NORTH) OF THE COUNTY OF RIVERSIDE

Section 1. FINDINGS. The Board of Supervisors finds that:

a. On June 27, 1989, the Board of Supervisors of the County of Riverside, State of California (the "Board"), adopted Resolution No. 89-296 (the "Resolution of Intention to Establish the District"), as amended by Resolution No. 89-408, stating its intention to form Community Facilities District No. 88-8 of the County of Riverside, State of California (the "District") pursuant to Chapter 2.4 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982" (the "Act").

b. On June 27, 1989, the Board also adopted Resolution No. 89-297 (the "Resolution of Intention to Incur Bonded Indebtedness") stating its intention to incur bonded indebtedness in an amount not to exceed \$24,000,000 within the District for the purpose of financing the purchase, construction, expansion, improvement and rehabilitation of public facilities including certain roads and roadway facilities, parkway facilities, flood control and drainage facilities, and water and wastewater facilities (the "Facilities"), and incidental expenses related thereto as authorized by the Act (the "Incidental Expenses"), including, but not limited to, (1) the cost of planning and designing the Facilities and the costs of environmental evaluations thereof, (2) the costs associated with the creation of the District, issuance of bonds, determination of the amount of taxes, collection of taxes, the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of the District, and (3) any other expenses incidental to the construction, completion and inspection of the Facilities, all as more fully described in the Resolution of Intention to Establish the District as amended by Resolution No. 89-408.

c. Notice was published as required by law relative to the intention of the Board to form the proposed District and to incur bonded indebtedness in an amount not to exceed \$24,000,000.

d. On August 1, 1989, the Board convened a noticed public hearing as required by law: (1) to determine whether it should proceed with the formation of the District and authorize the rate and method of apportionment of a special tax to be levied within the District for the purpose of paying for the Facilities and the Incidental Expenses relating thereto and the costs associated with the bonded indebtedness proposed to be issued to finance the Facilities, including the principal of and interest on the proposed bonded indebtedness, and (2) on the proposed issuance of the bonded indebtedness.

e. At said hearing all persons desiring to be heard on all matters pertaining to the formation of the District, the levy of the special tax, the proposed issuance of the bonded indebtedness, and all other matters set forth in the Resolution of Intention to Establish the District and the Resolution of Intention to Incur Bonded Indebtedness, were heard and considered and a full and fair hearing was held thereon.

f. The Board, subsequent to said hearing, adopted Resolution No. 89-392 (the "Resolution of Formation") which established the District, determined the validity of prior proceedings relative to the formation of the District and the incurring of bonded indebtedness, authorized the levy of a special tax within the District and called an election for August 30, 1989, on the propositions of levying a special tax and establishing an appropriations limit within the District.

g. The Board, subsequent to said hearing, adopted Resolution No. 89-393 (the "Resolution to Incur Bonded Indebtedness") which determined the necessity of incurring bonded indebtedness in an aggregate principal amount not to exceed \$24,000,000 and called a special mailed ballot election within the District for August 30, 1989, on the proposition as to whether the District was to incur bonded indebtedness in an aggregate principal amount not to exceed \$24,000,000.

h. On August 30, 1989, in accordance with the Resolution of Formation and the Resolution to Incur Bonded Indebtedness, a special mailed election was held in the District in which the qualified electors approved by more than a two-thirds vote the propositions of incurring bonded indebtedness, levying a special tax, and establishing an appropriations limit within the District.

i. The qualified electors of the District at that special mailed ballot election, authorized the levy of a special tax within the District pursuant to a specified rate and method of special tax (the "Existing Rate and Method").

j. On September 12, 1989, the Board adopted Ordinance No. 683 ("Ordinance No. 683"), authorizing the levy of a special tax within the District in accordance with the Existing Rate and Method.

k. On June 6, 1990, the District issued \$24,000,000 of special tax bonds (the "Series 1990 Bonds").

l. The Board, acting *ex officio* as the Legislative Body of the District (the "Legislative Body"), by adoption of Resolution No. CFD 2006-07, authorized the sale and issuance of special tax refunding bonds (the "Series 2006 Refunding Bonds") in an aggregate principal amount not to exceed \$5,500,000 and the Series 2006 Refunding Bonds in an aggregate principal amount of \$3,505,000 were issued on July 20, 2006.

m. The Official Statement, dated July 11, 2006, for the Series 2006 Refunding Bonds (the "Official Statement") in the sub-headings "*Determination of Maximum Special Tax Rate*" and "*Possible Amendment to Rate and Method of Apportionment*" under the heading "**The Special Tax**" which is part of the division entitled "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" states that the District may amend the Existing Rate and Method to reduce the maximum special tax and to eliminate the annual two percent (2%) increase of the special tax.

n. On June 10, 2008, the Legislative Body adopted Resolution No. CFD 2008-06 (the "Resolution of Consideration") calling for a public hearing to be held on July 15, 2008, to consider amending the Existing Rate and Method by reducing the maximum special tax for the zones within the District and eliminating the annual two percent (2%) increase in the special tax as provided in Exhibit A to the Resolution of Consideration.

o. The Legislative Body held such noticed public hearing on July 15, 2008 (the "Public Hearing"), as required by the Act.

p. Subsequent to the Public Hearing, the Legislative Body adopted Resolution No. CFD 2008-07 (the "Resolution Calling Election"), calling a special election within the District for October 21, 2008, to amend the Existing Rate and Method by reducing the maximum special tax for the zones within the District and eliminating the annual two percent (2%) increase in the special tax as provided in Exhibit A to the Resolution of Consideration (the "Proposition").

q. Consistent with the terms of the Resolution Calling Election and the pertinent provisions of the Act, the special election was held on October 21, 2008.

r. The Proposition was approved by more than two-thirds (2/3) of the votes cast at the special election held on October 21, 2008.

s. The Legislative Body adopted Resolution No. CFD 2008-08 on October 28, 2008, (the "Resolution of Change") certifying the special election results and ordering that

the Existing Rate and Method be amended consistent with Exhibit A to Resolution No. CFD 2008-06 adopted on July 15, 2008.

t. Amending the Existing Rate and Method by reducing the maximum special tax for the zones within the District and eliminating the annual two percent (2%) increase in the special tax as provided in the First Amended Rate and Method of Apportionment of Special Tax for Community Facilities District No. 88-8 ("A" Street-North) of the County of Riverside attached as Exhibit A to the Resolution of Consideration will not interfere with the timely retirement of the Series 2006 Refunding Bonds.

Section 2. PURPOSE. The purpose of this ordinance is to provide for the levy of a special tax within the District in accordance with the First Amended Rate and Method of Apportionment of Special Tax for Community Facilities District No. 88-8 ("A" Street-North) of the County of Riverside attached hereto as Exhibit A.

Section 3. AUTHORITY. This ordinance is adopted pursuant to Sections 53328, 53338, and 53340 of the Government Code.

Section 4. LEVY OF SPECIAL TAXES.

a. By the passage of this ordinance, the Board of Supervisors hereby authorizes and levies special taxes within the District pursuant to Sections 53328, 53338, and 53340 of the Government Code, at the rate and in accordance with the First Amended Rate and Method of Apportionment of Special Tax for Community Facilities District No. 88-8 ("A" Street-North) of the County of Riverside attached hereto as Exhibit A and made a part hereof. The special taxes shall be levied by the Board each year by resolution pursuant to the Act to determine the specific special tax rate and amount to be levied the next fiscal year on each parcel of real property within the District. The special tax rate to be levied shall not exceed that set forth in the First Amended Rate and Method of Apportionment of Special Tax for Community Facilities District No. 88-8 ("A" Street-North) of the County of Riverside, but the special tax may be levied at a lower rate.

b. All of the collections of the special tax shall be used as provided for in the Act and the Resolution of Formation. The special tax shall be levied only so long as needed for its purpose as described in the Resolution of Formation and Resolution to Incur Bonded Indebtedness.

c. The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes, as such procedure may be modified by law from time to time.

d. Notwithstanding the foregoing, the Board of Supervisors, acting as the legislative body of the District, may collect, or cause to be collected, one or more installments of the special taxes by means of direct billing by the District of the property owners within the District if, in the judgment of the legislative body, such means of collection will reduce the burden of administering the District or is otherwise appropriate in the circumstances. In such event, the special taxes shall become delinquent if not paid when due as set forth in any such respective billing to the property owners.

Section 5. EXEMPTIONS. Properties or entities of the state, federal or other local governments shall, except as otherwise provided in Section 53317.3 and 53317.5 of the Act, be exempt from the special tax. No other properties or entities are exempt from the special tax unless the properties are expressly exempted in the First Amended Rate and Method of

Apportionment of Special Tax for Community Facilities District No. 88-8 ("A" Street-North) of the County of Riverside attached hereto as Exhibit A.

Section 6. SEVERABILITY. If for any reason any portion of this ordinance is found to be invalid, or if the special tax is found inapplicable to any particular parcel within the District, by a court of competent jurisdiction, the balance of this ordinance and the application of the special tax to the remaining parcels within the District shall not be affected.

Section 7. EFFECTIVE DATE. This ordinance relating to the levy of the special tax shall take effect immediately upon its final passage in accordance with the provisions of Section 25123(c) of the Government Code. The Chairman of the Board of Supervisors shall sign this ordinance and the Clerk of the Board of Supervisors shall attest to the Chairman's signature and then cause the same to be published within fifteen (15) days after its passage at least once in *The Press Enterprise*, a newspaper of general circulation published and circulated in the area of the District."

Section 8. This ordinance shall take effect immediately upon its passage in accordance with the provisions of Section 25123(c) of the Government Code.

ADOPTED:

683 09/12/1989 (Eff: 09/12/1989)

683.1 Item 3.11 of 11/18/2008 (Eff: Immediately)

EXHIBIT A

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 88-8 ("A" STREET-NORTH) OF THE COUNTY
OF RIVERSIDE

(See the following 4 pages.)

EXHIBIT A

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 88-8 ("A" STREET - NORTH) OF THE COUNTY OF RIVERSIDE

A Special Tax applicable to each Assessor's Parcel in Community Facilities District No. 88-8 (herein "CFD No. 88-8") shall be levied and collected according to the tax liability determined by the Board of Supervisors of the County of Riverside acting in its capacity as the legislative body of CFD No. 88-8 (herein the "Board") through the application of the Special Tax formula for "Taxable Property" as described below. All of the property in CFD No. 88-8, unless exempted by law or by the provisions of Section D below, 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:

"Adjusted Gross Acreage" means gross acreage minus all acreage exempt from Special Tax pursuant to law or Section D below.

"Building" includes any structure used for support of shelter of any use or occupancy, including a structure wherein things may be grown, made, produced, kept, handled, stored or disposed of.

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

"Maximum Special Tax" means the Maximum Special Tax, determined in accordance with Section B, that can be levied by CFD No. 88-8 in any Fiscal Year.

"Taxable Property" is all of the property within the boundaries of CFD No. 88-8 which is not exempt pursuant to law or Section D below.

B. Maximum Special Tax Rate.

The Maximum Special Tax for an Assessor's Parcel classified as Taxable Property shall be the greater of the amounts determined by reference to Table 1. For purposes of this Section B, the Maximum Special Tax for residential property will be apportioned based on the Maximum Special Tax per Adjusted Gross Acre applicable to the zone in which such property is located.

The Maximum Special Tax for commercial/industrial property will be the greater of (a) the Maximum Special Tax per Adjusted Gross Acre applicable to the zone in which such property is located, or (b) the Maximum Special Tax per gross square foot for such zone applied to the gross square footage of the commercial/industrial Building. The gross square footage of a Building shall be determined by reference to all building permits issued as of May 1 preceding any Fiscal Year regarding all structures within CFD No. 88-8.

In making the computations set forth in this Section B and in determining the Maximum Special Tax which may be levied in any Fiscal Year, on July 1, 2008 and each July 1 thereafter the applicable Special Tax rate shall not increase from the amounts set forth in Table 1 as amended.

TABLE 1

MAXIMUM ANNUAL SPECIAL TAX RATES PER GROSS SQUARE FOOT
OR PER ADJUSTED GROSS ACRE ON TAXABLE PROPERTY IN
COMMUNITY FACILITIES DISTRICT NO. 88-8
(COMMENCING FISCAL YEAR 2008-09)

Maximum Annual Special Tax

Zone¹ Rate for Fiscal Year 2008-09²

1	\$0.53 per gross sq. ft. of Building or \$6,784 per Adjusted Gross Acre, whichever is greater.
2	\$0.12 per gross sq. ft. of Building or \$1,400 per Adjusted Gross Acre, whichever is greater.
3	\$0.12 per gross sq. ft. of Building or \$1,384 per Adjusted Gross Acre, whichever is greater.
4	\$0.12 per gross sq. ft. of Building or \$1,386 per Adjusted Gross Acre, whichever is greater.
5	[Special Tax obligation prepaid in 2006]
6A	\$0.35 per gross sq. ft. of Building or \$4,430 per Adjusted Gross Acre, whichever is greater.
6B	[Special Tax obligation prepaid in 2006]

¹ The boundaries of each zone are shown on the boundary map for CFD No. 88-8 which is attached hereto and marked as Exhibit I.

² All parcels of land utilized for residential purposes at the adoption of the Resolution of Formation are exempt from this special tax upon annual filing of a written certificate pursuant to Section D below.

C. Method of Apportionment of Special Tax.

Starting in Fiscal Year 2008-09 and for each following Fiscal Year, the Board shall determine the amount of Special Tax to be levied on and collected from Taxable Property in CFD No. 88-8 in accordance Table 1 above. Such amount shall include the sums necessary to pay debt service on bonded indebtedness of CFD No. 88-8, to replenish the reserve fund and to pay annual administrative expenses of CFD No. 88-8. The Board shall levy the Special Tax as follows until the amount of the levy equals the amount to be collected:

First: The Special Tax shall be levied proportionately on each parcel of Taxable Property within CFD No. 88-8 up to 87% of the Maximum Annual Tax Rates for each zone shown in Table 1 above;

Second: If additional funds are needed after the first step has been completed, then the Special Tax shall be levied proportionately on each parcel of Taxable Property up to 100% of the Maximum Annual Tax Rates for each zone shown in Table 1 above.

D. Exemptions.

The Board shall not levy a Special Tax on:

- A) Properties exempted from Special Tax pursuant to Section 53340 of the Government Code.
- B) Property designated for the following uses in the public report filed with the Board of Supervisors pursuant to Section 53321.5 of the Government Code: Cajalco Expressway, North "A" Street, Interstate Highway 215 and flood control and drainage facilities.
- C) Property owned by a railroad or private utility at the time of formation of CFD No. 88-8 or burdened with a utility easement making impractical its utilization for other than purposes set forth in the easement and used for purposes which benefit the public.

While all publicly owned land conveyed or irrevocably offered for dedication after formation of CFD No. 88-8 may be subject to a Special Tax pursuant to Section 53317.3 of the Government Code, this Special Tax may be prepaid in accordance with a prepayment formula to be specified at the time that bonds are issued. A description of the prepayment formula specified with respect to bonds issued pursuant to Resolution No. 2006-07 is attached hereto.

The Board shall also not impose a Special Tax on any acreage that is utilized as residential property at the time the Resolution of Formation of CFD No. 88-8 was adopted. These parcels will remain exempt from Special Tax for any Fiscal Year in which the owner thereof files a written certificate with the Designated Officer of the County of Riverside. The necessity for the filing of such written certificate shall commence as of the January 1 succeeding the date that any bonds are issued and shall be due the succeeding March 1. If such written certificate is not filed with the County on or before March 1, said property shall be considered Taxable Property in the following Fiscal Year and shall be taxed as such to the extent set forth for the appropriate Zone in Table 1 above.

E. Manner of Collection.

The special taxes for CFD No. 88-8 will be collected in the same manner and at the same time and in the same installment as *ad valorem* property taxes on real property are payable, *provided however*, that CFD No. 88-8 may directly bill all or part of the Special Taxes, and may collect special taxes at a different time or in a different manner if deemed appropriate by the District. In the event of delinquency, CFD No. 88-8 will pursue foreclosure in a timely manner.

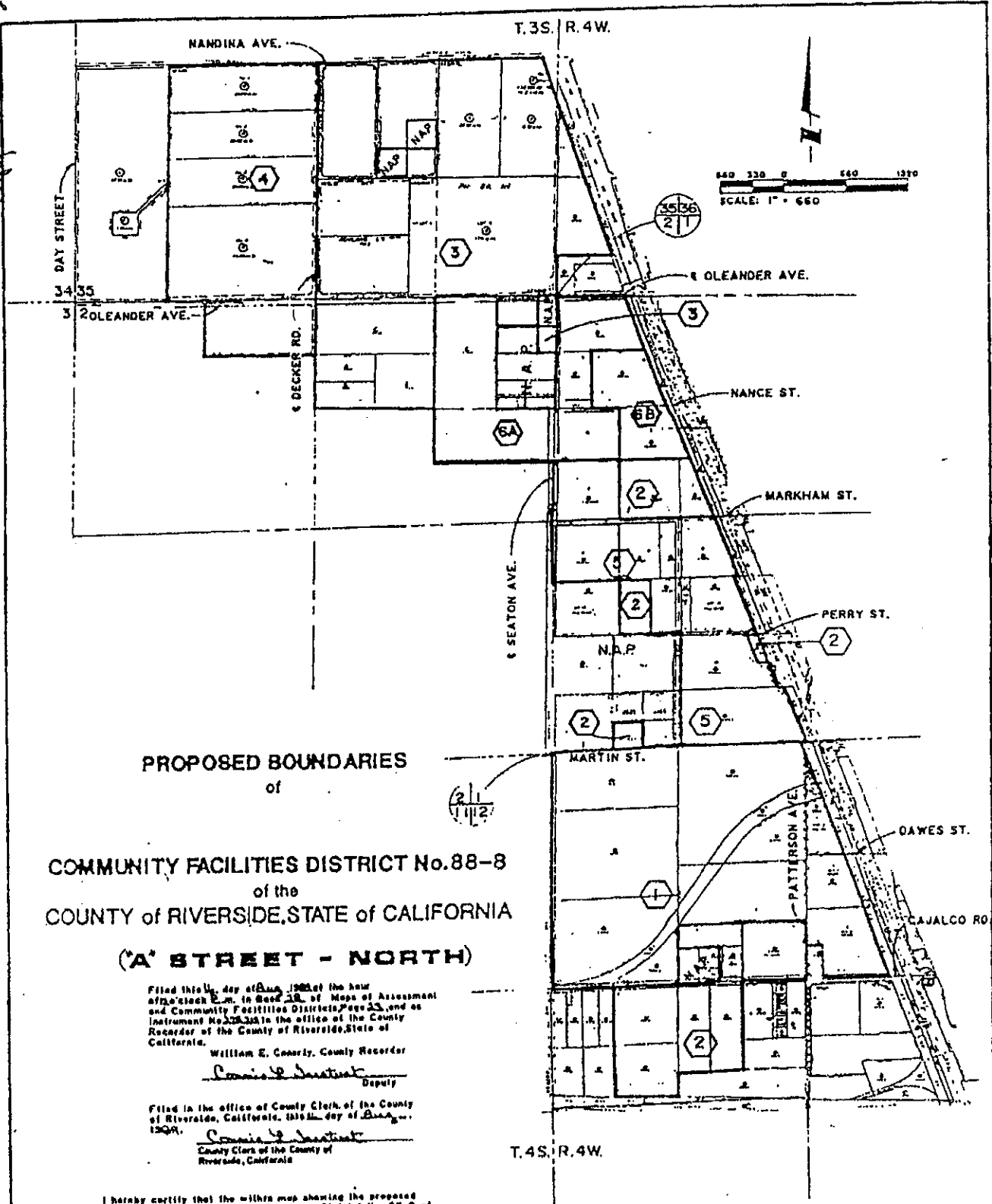
F. Review/Appeal Board.

The Board shall establish as part of the proceedings and administration of CFD No. 88-8 a special three-member Review/Appeal Board. This Board shall construe and make determinations relative to the administration of the Special Tax herein specified.

G. Prepayment of Special Taxes

Attached hereto as Exhibit A is a description of the terms by which owners of parcels within CFD No. 88-8 may prepay their share of the remaining Special Tax obligation to the District for bonds issued pursuant to Resolution No. CFD 2006-07 .

Copy 8/17/72



PROPOSED BOUNDARIES
of

COMMUNITY FACILITIES DISTRICT No. 88-8
of the
COUNTY of RIVERSIDE, STATE of CALIFORNIA
(A STREET - NORTH)

Filed this 14th day of Aug. 1982 at the hour of 10:00 a.m. in Book 28 of Maps of Assessment and Community Facilities Districts, Page 43, and as Instrument No. 216770 in the office of the County Recorder of the County of Riverside, State of California.

William E. Coarley, County Recorder
William E. Coarley
Deputy

Filed in the office of County Clerk of the County of Riverside, California, this 14th day of Aug. 1982.

William E. Coarley
County Clerk of the County of Riverside, California

I hereby certify that the within map showing the proposed boundaries of the Community Facilities District No. 88-8 of the County of Riverside, State of California, was approved by the Riverside County Board of Supervisors, at an adjourned regular meeting thereof, held on the 14th day of Aug. 1982 by its Resolution No. 1982-14.

Gregory J. Brown
Clerk of Board of Supervisors
County of Riverside, California

LEGEND
○ ZONES

THIS MAP AMENDS THE BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 88-8, OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, PREVIOUSLY RECORDED ON JUNE 29, 1989, IN BOOK 27, OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 38, AND AS INSTRUMENT NO. 216770 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

Exhibit "1"

EXHIBIT A

COMMUNITY FACILITIES DISTRICT NO. 88-8
OF THE COUNTY OF RIVERSIDE ("A" STREET -NORTH)

PREPAYMENT OF SPECIAL TAX
FOR BONDS ISSUED PURSUANT TO
RESOLUTION NO. CFD 2006-07

The entire Special Tax Lien for a parcel within the District, including, but not limited to, any parcel acquired by a public entity, otherwise exempted from the payment of *ad valorem* property taxes, and not exempted from the Special Tax by the terms of the Rate and Method of Apportionment, may be prepaid and permanently satisfied, in whole or in part, as of any interest payment date for the Bonds, as follows:

- a. The Maximum Annual Special Tax (as defined in the Rate and Method of Apportionment) for the parcel to be prepaid, as of the payoff date, shall be calculated on the acreage rate as a percentage of the maximum annual Special Tax that could be levied on all property within the District as of the payoff date.
- b. This percentage shall be applied to the total amount of outstanding bonded indebtedness of the District. The total amount of bonded indebtedness of the District shall be calculated as of the date through which principal has been paid (or will be paid by Special Taxes which have already been levied unless the Officers of the County reasonably anticipate delinquencies in the payment of those Special Taxes).
- c. Interest on the amount calculated under "b," above shall be calculated at the bond rate from the point to which interest on the Bonds has been paid (or will be paid from Special Taxes which have already been levied unless the Officers of the County reasonably anticipate delinquencies in the payment of those Special Taxes) until one week after the payoff date.
- d. Credit shall be given against the payoff amount for a percentage (that calculated under "a," above) of the balance in the Reserve Fund (as established by the Bond Indenture) after subtracting from the Reserve Fund any amounts which will be required for debt service based upon Special Tax delinquencies which have already

occurred or are reasonably expected by the Officers of the County.

e. By their own terms, the Bonds may not be redeemable for a period of time. Payoff under this Section contemplates that the payoff monies will be held and invested until that time expires. The earnings on that investment will be used to pay interest on the Bonds to be redeemed until the period of call-protection on the Bonds expires and they are actually redeemed. Under federal tax law the funds to be used to redeem the Bonds at the end of the call-protection period must be invested at a yield which is no more than the yield on the Bonds themselves. As a practical matter this means that there will be some negative earnings during that time. The payoff amount will therefore be increased under this subparagraph "e" to include an amount to cover any negative earnings pending the end of the call-protection period and the retirement of the Bonds. The amount necessary to assure that investment of the appropriate portion of the payoff sum in approved investments will be sufficient to pay all interest on the Bonds to be redeemed until redemption and the redemption itself shall be calculated by a certified public account acceptable to the County, in a writing addressed to the County effective as of the prepayment date. The fee of the certified public accountant shall be paid by the owner of the parcel to be prepaid.

f. The prepayment premium on the Bonds at the end of the call-protection period, if any, shall be applied to the amount determined under "b," above. The owner of the parcel to be prepaid may request that redemption be postponed until Bonds may be called without premium. This may have an impact on the amount calculated under "e," above.

g. The Officers of the County shall make an estimate of the portion of the Special Tax which is expected to be levied for the purposes of administrative costs for each year of the remaining life of the District, and calculate the present value of those payments using the average yield on the Bonds as a discount rate. A percentage (that calculated under "a," above) of that sum shall be calculated.

h. The amount to be prepaid for any parcel of property shall be the sum of the

amounts calculated for that parcel under paragraphs "b," "c," "e," "f," and "g," above, less the credit permitted under "d," plus the reasonable costs and expenses of performing the calculations, preparing and recording the Notice of Cancellation of Special Tax Lien and any other acts or procedures required to be performed in connection with the prepayment.

i. An analysis is to be performed by an independent financial analyst to ensure that the acceptance of the prepayment will not jeopardize the ability of the District to pay in a timely manner the debt service on the Bonds that will remain outstanding following the receipt of the prepayment.

The proceeds of all Prepayments shall be used, to the fullest extent possible, to retire (by redemption or defeasance) Bonds. Any remainder after the maximum amount of Bonds has been redeemed or defeased shall be deposited in the Redemption Account established by the Bond Indenture.

It is understood that applying the sum collected under "g," above, to retire Bonds will have the result of requiring the remaining property owners to pay proportionately more of the administrative costs, and proportionately less of debt service on the Bonds, than previously. It is assumed that these opposite impacts will balance themselves out.