

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Hugh R. Riley, Assistant City Manager



DATE: June 7, 2010 (CC Meeting of June 16, 2010)

SUBJECT: Consider a Resolution of the City Council of The City of Moorpark of Intention to Annex Territory to Community Facilities District No 2004-1 (Moorpark Highlands) and to Consider Amendment of the Special Tax Formula and to Authorize the Levy of Special Taxes in the Annexed Area

DISCUSSION

The City has previously formed the City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) (the "CFD") and in 2006 issued bonds for the CFD, a portion of the proceeds of which were intended to be used to reimburse Pardee for infrastructure improvements, capital improvement fees, and the acquisition of a 22-acre school site for the Moorpark Unified School District.

In October of 2008, the Moorpark Unified School District (MUSD) made a decision to not proceed with the construction of the school site and made a request to terminate the agreement with Pardee Homes. Pardee Homes and the MUSD have been in a dispute over MUSD's ability to terminate the Purchase and Sale Agreement with regards to the purchase of the school site. On April 1, 2009, the City of Moorpark and Pardee Homes executed the Memorandum of Understanding (MOU) to process a proposed residential project on the school site. The proposed residential neighborhood would consist of a maximum of 225 additional units (approximately 70 detached homes and 142 attached homes), but no less than 160 units. However, after evaluating the financial aspects of the project, Pardee decided that the project would not be feasible for more than 133 detached units.

Pardee has agreed that as part of its entitlements for development of the former 22-acre school site that it will consent to annexation of the property into the CFD. The addition of the 133 new homes to the District in Zone 3 will result in an overall decrease in Special Taxes for each property owner of approximately 16%. Of the 133 new homes, 7 will be exempt from the Special Taxes so they will remain affordable. As part of the agreement, Pardee has also agreed to limit its use of the bond proceeds to a total of \$27 million of the originally available \$34 million.

Based on the recent MOU between the City and Pardee and considering previous reimbursements to date, Pardee is eligible to be reimbursed up to approximately an additional \$6,000,000 for improvements constructed, provided the terms in the MOU are implemented through approval of the proposed residential project on the school site.

In addition, in the MOU both parties agree that the remaining Improvement Fund money (net of fees and penalties) will be applied to redeem approximately \$8.395 million of bonds. This will result in a decrease in the Special Taxes for each property owner within the District, currently estimated to be approximately a 21% decrease to the property owners, for a total decrease in Special Taxes of approximately 37%.

In connection with the annexation, the Council needs to additionally approve an amendment to the Rate and Method of Apportionment of Special Tax for the CFD (which is the document that sets the special tax rate for each property). The amendment establishes the special tax rates of the property to be annexed. Pardee has submitted a Petition to the City asking for the annexation and amendment to proceed.

The legal process for the annexation/amendment of the CFD calls for actions over two Council meetings. The first occurs tonight and is the adoption of the attached resolution, which expresses the intent of the Council to move forward with the annexation/amendment and sets July 7, 2010 as the public hearing date on the annexation and amendment. The action tonight effectively introduces the concept; the actual annexation and amendment will occur at the July 7th meeting, providing Pardee delivers its ballot on or prior to that date voting in favor of the annexation and amendment.

RECOMMENDATION

Adopt Resolution No. 2010-____

ATTACHMENTS:

1. Resolution 2010-____
2. CFD 2004-1 Fact Sheet

RESOLUTION NO. 2010 - _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, OF INTENTION TO ANNEX TERRITORY TO COMMUNITY FACILITIES DISTRICT NO. 2004-1 (MOORPARK HIGHLANDS) AND TO CONSIDER AMENDMENT OF THE SPECIAL TAX FORMULA AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES IN THE ANNEXED AREA

WHEREAS, the City Council has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the "Act"), to form the City of Moorpark Community Facilities District No. 2004-1 (Moorpark Highlands) (the "CFD"); to authorize the levy of special taxes upon the land within the CFD for the purpose of providing moneys for the construction and acquisition of improvements and to finance certain services of benefit to property within the CFD, and to issue bonds secured by said special taxes for the purpose of providing for financing the construction and acquisition of such improvements; and

WHEREAS, under the Act, this Council, as the legislative body for the CFD, is empowered with the authority to annex territory to the CFD and to amend the Rate and Method of Apportionment for the CFD, and the City on behalf of the CFD now desires to undertake proceedings to annex territory to the CFD and set forth the special taxes proposed for the annexed area by amending the Rate and Method of Apportionment for the CFD; and

WHEREAS, there is on file with the City a written petition (the "Petition") executed by the sole owner of all the territory proposed to be annexed, seeking such annexation and amendment and submitting waivers to expedite the process of annexation and amendment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. This Council hereby finds and determines that public convenience and necessity require that territory be added to the CFD and that the Rate and Method of Apportionment for the CFD be amended to specify the special taxes proposed for the annexed area.

SECTION 2. The name of the CFD is "Community Facilities District No. 2004-1 (Moorpark Highlands)", which CFD has been duly formed by the City pursuant to the Act.

SECTION 3. This Council hereby finds and determines that public convenience and necessity require that the boundary of the CFD be changed to include the property proposed to be annexed to the CFD as described herein, to meet the City's needs for

the sharing of the cost of the improvements financed by the CFD and the providing of authorized services of the CFD to the annexed property. The territory included in the existing CFD is as shown on the map thereof recorded on October 5, 2004 in the Ventura County Recorder's Office as Document No. 20041005-0269524 and in Book 19, at Page 4. The territory now proposed to be annexed to the CFD is as shown on the Annexation Map No. 1 to the CFD, on file with the Clerk, the boundaries of which annexation territory are hereby preliminarily approved and to which map reference is hereby made for further particulars. The City Clerk is hereby directed to cause to be recorded said Annexation Map No. 1 to the CFD, showing the territory to be annexed, in the office of the County Recorder of the County of Ventura within fifteen days of the date of adoption of this resolution.

SECTION 4. The types of public facilities and services financed by the CFD and pursuant to the Act consist of those facilities (the "Facilities") and services (the "Services") described in the Exhibit to Resolution No. 2005-2383, adopted by the Council on September 21, 2005 (the "Resolution of Formation"). It is presently intended that the Facilities and Services will be shared, without preference or priority, by the existing territory in the CFD and the territory proposed to be annexed to the CFD.

SECTION 5. The existing rate, method of apportionment, and manner of collection of the authorized special tax (the "Rate and Method of Apportionment of Special Tax") is as set forth as Exhibit B to the Notice of Special Tax Lien recorded in the Ventura County Recorder's Office on September 30, 2005 as Document No. 20050930-0244828.

SECTION 6. This Council hereby finds and determines that public convenience and necessity require that the Rate and Method of Apportionment of Special Tax for the CFD be amended to establish the special tax rates of the CFD for the property to be annexed to the CFD, to meet the City's needs for the sharing of the Facilities and the providing of authorized services of the CFD to the annexed property within the CFD.

SECTION 7. This Council is considering that the changes to the Rate and Method of Apportionment of Special Tax be adopted as set forth in the proposed First Amended Rate and Method of Apportionment set forth in the Exhibit attached hereto and hereby incorporated herein.

SECTION 8. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities and Services and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Facilities, a special tax sufficient to pay the costs thereof is intended to be levied annually within the CFD, including any annexed territory, and collected in the same manner as ordinary *ad valorem* property taxes. The proposed First Amended Rate and Method of Apportionment does not result in an increase in the special tax amount to be levied among the original parcels of real property within the CFD; following the annexation proposed herein, the First Amended Rate and Method of Apportionment will facilitate providing a tax rate for the CFD, including the annexed property.

SECTION 9. Wednesday, July 7, 2010, at 7:00 o'clock p.m., in the regular meeting place of this Council, Council Chambers, City Hall, 799 Moorpark Ave., Moorpark, California, is hereby appointed and fixed as the time and place when and where this Council, as legislative body for the CFD, will open a public hearing on the annexation of territory to the CFD to consider and determine whether the public interest, convenience and necessity require said annexation of territory to the CFD and the levy of said special tax therein according to the First Amended Rate and Method of Apportionment.

SECTION 10. Based upon the waivers contained in the Petition, and the owners of the territory to be annexed being the only parties requesting such annexation and amendment of the Rate and Method of Apportionment for the CFD, and being otherwise fully informed of these proceedings for annexation, there shall be no publication and mailing of written notices of the public hearing.

SECTION 11. This Resolution shall take effect from and after its adoption.

SECTION 12. The City Clerk shall certify to the adoption of this resolution and cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 16th day of June, 2010.

Janice S. Parvin, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

Exhibit: First Amended Rate and Method of Apportionment

EXHIBIT

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 2004-1 OF THE CITY OF MOORPARK (Moorpark Highlands)

This First Amended Rate and Method of Apportionment of Special Tax represents a complete restatement of the original Rate and Method of Apportionment adopted on September 7, 2005. The First Amended Rate and Method of Apportionment of Special Tax was structured to reflect the effects of the annexation of territory into CFD No. 2004-1 through Annexation No. 1, and a bond call scheduled for September 1, 2010 in an amount equal to \$10,320,000.

A special tax as hereinafter defined shall be levied on and collected for Community Facilities District No. 2004-1 (Moorpark Highlands) of the City of Moorpark ("CFD No. 2004-1") each Fiscal Year, in an amount determined by the City Council of the City of Moorpark through the application of the appropriate Special Tax for "Annexed Property," "Developed Property," "Final Map Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 2004-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560. The minimum acreage of Taxable Property for CFD No. 2004-1 is determined in accordance with Section K.

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

"Administrative Expenses" means any ordinary and necessary expense of the City of Moorpark to carry out the administration of CFD No. 2004-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of CFD No. 2004-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2004-1.

"Affordable Unit(s)" means, for each Fiscal year, up to a total of 25 dwelling unit(s) located on an Assessor's Parcel(s) of Residential Property within Zone 2 that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for very low income housing prior to March 1 of the prior Fiscal Year. In order to insure that a dwelling unit is correctly classified

as an Affordable Unit, the owner of such property shall provide the CFD Administrator with a copy of any applicable deed restrictions, resale restrictions, and/or regulatory agreements. Dwelling units shall be classified as Affordable Units by the CFD Administrator in the chronological order in which such notification is received. If the total number of Affordable Units exceeds the amount stated above, then the units exceeding such total shall not be considered Affordable Units and shall be assigned to Land Use Classes 1 through 5 within Zone 2 as described in Section E below based on the Building Square Footage for such units.

“Annexed Developed Property” means an Assessor’s Parcel of Annexed Property for which a Building Permit was issued on or before April 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied, provided that a Final Map for such Assessor’s Parcel was recorded on or before January 1 of such prior Fiscal Year for which Special Taxes may be levied.

“Annexed Final Map Property” means an Assessor’s Parcel of Annexed Property that is included in a Final Map that was recorded prior to January 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to April 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied.

“Annexed Property” means an Assessor’s Parcel representing territory not identified within the originally boundaries of CFD No. 2004-1 that have subsequently been annexed to CFD No. 2004-1, pursuant to Annexation Map No. 1, recorded on _____, 2010, in Book _____ Page _____ of Maps of Assessments and Community Facilities Districts in the recorder’s office of the County; such annexed territory shall be designated as Zone 3 property.

“Annexed Undeveloped Property” means an Assessor’s Parcel of Annexed Property that is not classified as Exempt Property, Annexed Developed Property, or Annexed Final Map Property.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 2004-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assigned Special Tax for Facilities” means the annual special tax of that name described in Section E below.

“Backup Special Tax for Facilities” means the Special Tax of that name described in Section F below.

“Bonds” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes have been pledged.

“Boundary Map” means the map of the boundaries for CFD No. 2004-1, as approved by the City Council.

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

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

“CFD No. 2004-1” means Community Facilities District No. 2004-1 (Moorpark Highlands) established by the City under the Act.

“City” means the City of Moorpark.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2004-1, or its designee.

“City Police Services” means the costs of police services for CFD No. 2004-1.

“Condo Unit” means each separate residential condominium unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Ventura.

“Developed Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 for which Building Permits were issued on or before April 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied, provided that such Assessor’s Parcels were created on or before January 1 of such prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the City.

“Exempt Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1, or Annexed Property designated as being exempt from the Special Tax as determined in Section K.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1, exclusive of Annexed Property,: (i) that are included in a Final Map that was recorded prior to January 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to April 1 of the Fiscal Year preceding the Fiscal Year in which the Special Tax is being levied.

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

“Initial Special Tax for Facilities” means the annual special tax of that name described in Section D below.

“Land Use Type” means any of the land use types listed in Tables 1 to 4 below.

“Lot” means an individual legal lot created by a Final Map or Condo Unit created by a condominium plan for which a Building Permit could or has been issued.

“Maximum Special Tax” means the Maximum Special Tax for Facilities and the Maximum Special Tax for Services, determined in accordance with Section C, which can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax for Facilities” means the Maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessors’ Parcel.

“Maximum Special Tax for Services” means the Maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 2004-1 in any Fiscal Year on any Assessor’s Parcel of Developed Property.

“Non Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities obligation for an Assessor’s Parcel, as described in Section I.

“Prepayment Amount” means the amount required to prepay the Annual Special Tax for Facilities obligation in full for an Assessor’s Parcel, as described in Section H.

“Proportionately” means for Developed Property, the ratio of the actual Special Tax for Facilities levied on Developed Property to the Maximum Special Tax for Facilities for Developed Property is equal for all Assessor's Parcels of Developed Property. For Final Map Property, it means that the ratio of the actual Special Tax for Facilities levied on Final Map Property to the Maximum Special Tax for Facilities for Final Map Property is equal for all Assessor's Parcels of Final Map Property. For Annexed Final Map Property, it means that the ratio of the actual Special Tax for Facilities levied on Annexed Final Map Property to the Maximum Special Tax for Facilities for Annexed Final Map Property is equal for all Assessor's Parcels of Annexed Final Map Property. For Undeveloped Property, it means that the ratio of the actual Special Tax for Facilities levied on Undeveloped Property to the Maximum Special Tax for Facilities for Undeveloped Property is equal for all Assessor's Parcels of Undeveloped Property. For Annexed Undeveloped Property,

it means that the ratio of the actual Special Tax for Facilities levied on Annexed Undeveloped Property to the Maximum Special Tax for Facilities for Annexed Undeveloped Property is equal for all Assessor's Parcels of Annexed Undeveloped Property. Regarding the Special Tax for Services for Developed Property, "Proportionately" means the ratio of the actual Special Tax for Services levied on Developed Property to the Maximum Special Tax for Services for Developed Property is equal for all Assessor's Parcels of Developed Property.

"Residential Property" means all Assessors' Parcels of Developed Property or for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2004-1 (including the Special Tax for Facilities and the Special Tax for Services) pursuant to the Act to fund the Special Tax Requirement.

"Special Tax for Facilities" means any of the special taxes authorized to be levied by CFD No. 2004-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Services" means any of the special taxes authorized to be levied by CFD No. 2004-1 pursuant to the Act to fund the Special Tax Requirement for Services.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year for CFD No. 2004-1 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection of funds in any Fiscal Year to pay directly for the acquisition or construction of eligible facilities or for the payment of City Police Services authorized by CFD No. 2004-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Services" means the amount determined in any Fiscal Year for CFD 2004-1 equal to (i) the budgeted costs of the City Police Services during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in CFD 2004-1 for the previous Fiscal Year.

"Taxable Property" means all Assessors' Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 that are not Exempt Property.

"Undeveloped Property" means all Assessors' Parcels within Zones 1, 2, 3, and 4 of CFD No. 2004-1 of Taxable Property, which are not Developed Property, Annexed Property, or Final Map Property.

"Unit" means each separate residential unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“**Zone(s)**” means Zone 1, 2, 3, or 4 as geographically identified on the boundary map of the CFD No. 2004-1.

“**Zone 1**” means the specific area identified on the Boundary Map as Zone 1 of CFD No. 2004-1.

“**Zone 2**” means the specific area identified on the Boundary Map as Zone 2 of CFD No. 2004-1.

“**Zone 3**” means the specific area identified on the original Boundary Map as Zone 3 of CFD No. 2004-1, and territory annexed to CFD No. 2004-1 pursuant to Annexation Map No. 1.

“**Zone 4**” means the specific area identified on the Boundary Map as Zone 4 of CFD No. 2004-1.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor’s Parcel within CFD No. 2004-1 shall be categorized into Zones 1, 2, 3, or 4 and shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

SECTION C MAXIMUM SPECIAL TAXES FOR ZONES 1, 2, 3, AND 4

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property shall be the amount determined by the greater of (i) the application of the Initial Special Tax for Facilities set forth in Section D, (ii) the application of the Assigned Special Tax for Facilities set forth in Section D or (iii) the application of the Backup Special Tax for Facilities set forth in Section E.
- b. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property shall be equal to the Assigned Special Tax for Facilities set forth in Section D.
- c. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property in Fiscal Year 2005-2006 shall be \$400 per Lot. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property shall be \$1,500 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the greater of (i) three percent (3.00%), or (ii) the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year, not to exceed seven percent (7.00%).

2. Final Map Property and Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property or Undeveloped Property shall be the Assigned Special Tax for Facilities set forth in Section D.

3. Annexed Final Map Property and Annexed Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property shall be equal to the Assigned Special Tax for Facilities set forth in Section D for Annexed Final Map Property and Annexed Undeveloped Property.

**SECTION D
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES
FOR ZONES 1, 2, 3, AND 4**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property within Zones 1, 2, 3 and 4, shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property within CFD No. 2004-1 shall be determined pursuant to Tables 1 through 4 below.

**TABLE 1
ZONE 1 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES**

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 2,151	\$2,431 per Unit	\$3,858 per Unit
2. Residential Property	2,151 – 2,350	\$2,548 per Unit	\$4,044 per Unit
3. Residential Property	2,351 – 2,550	\$2,646 per Unit	\$4,200 per Unit
4. Residential Property	2,551 – 2,750	\$2,689 per Unit	\$4,268 per Unit
5. Residential Property	Greater than 2,750	\$2,825 per Unit	\$4,483 per Unit
6. Non Residential Property	N/A	\$25,315 per Acre	\$40,182 per Acre

TABLE 2
ZONE 2 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 1,401	\$1,286 per Condo Unit	\$2,041 per Condo Unit
2. Residential Property	1,401 – 1,600	\$1,502 per Condo Unit	\$2,383 per Condo Unit
3. Residential Property	Greater than 1,600	\$1,776 per Condo Unit	\$2,818 per Condo Unit
4. Non Residential Property	N/A	\$49,789 per Acre	\$79,030 per Acre

TABLE 3
ZONE 3 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 2,351	\$2,834 per Unit	\$4,497 per Unit
2. Residential Property	2,351 – 2,600	\$2,887 per Unit	\$4,581 per Unit
3. Residential Property	2,601 – 2,850	\$2,939 per Unit	\$4,665 per Unit
4. Residential Property	2,851 – 3,100	\$3,016 per Unit	\$4,786 per Unit
5. Residential Property	3,101 – 3,350	\$3,136 per Unit	\$4,977 per Unit
6. Residential Property	3,351 – 3,600	\$3,501 per Unit	\$5,556 per Unit
7. Residential Property	3,601 – 3,850	\$3,618 per Unit	\$5,742 per Unit
8. Residential Property	3,851 – 4,100	\$3,745 per Unit	\$5,943 per Unit
9. Residential Property	4,101 – 4,350	\$3,908 per Unit	\$6,203 per Unit
10. Residential Property	4,351 – 4,600	\$4,026 per Unit	\$6,390 per Unit
11. Residential Property	Greater than 4,600	\$4,143 per Unit	\$6,576 per Unit
12. Non Residential Property	N/A	\$16,072 per Acre	\$25,511 per Acre

TABLE 4
ZONE 4 - DEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Land Use Type	Building Square Footage	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
1. Residential Property	Less than 3,201	\$3,697 per Unit	\$5,868 per Unit
2. Residential Property	3,201 – 3,750	\$3,956 per Unit	\$6,278 per Unit
3. Residential Property	3,751 – 4,300	\$4,073 per Unit	\$6,464 per Unit
4. Residential Property	4,301 – 4,900	\$4,237 per Unit	\$6,725 per Unit
5. Residential Property	Greater than 4,900	\$4,472 per Unit	\$7,097 per Unit
6. Non Residential Property	N/A	\$6,322 per Acre	\$10,034 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, each Assessor's Parcel classified as Final Map Property or Undeveloped Property within CFD No. 2004-1 shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Final Map Property or Undeveloped Property within CFD No. 2004-1 shall be determined pursuant to Tables 5 below.

TABLE 5
FINAL MAP PROPERTY AND UNDEVELOPED PROPERTY
INITIAL SPECIAL TAX FOR FACILITIES AND
ASSIGNED SPECIAL TAX FOR FACILITIES

Zone	Initial Special Tax for Facilities	Assigned Special Tax for Facilities
Zone 1	\$25,315 per Acre	\$40,182 per Acre
Zone 2	\$49,789 per Acre	\$79,030 per Acre
Zone 3	\$16,072 per Acre	\$25,511 per Acre
Zone 4	\$6,322 per Acre	\$10,034 per Acre

3. Annexed Final Map Property and Annexed Undeveloped Property

Each Fiscal Year, each Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property within CFD No. 2004-1 shall be subject to an Initial Special Tax for Facilities and an Assigned Special Tax for Facilities. The Initial Special Tax for Facilities and Assigned Special Tax for Facilities for an Assessor's Parcel classified as Annexed Final Map Property or Annexed Undeveloped Property shall be \$30,209 per Acre and \$47,936 per Acre, respectively.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES
FOR ZONES 1, 2, 3, AND 4**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities within each Final Map shall be the amount per Lot calculated according to the following sections:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year.
- R = Maximum Special Tax for Facilities per Acre for Undeveloped Property. For Annexed Property, the Maximum Special Tax for Facilities per Acre for Annexed Undeveloped Property.
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Based on the preceding formula, Table 6 identifies the Backup Tax Special Tax for Facilities for each Final Map within CFD No. 2004-1

TABLE 6
BACKUP SPECIAL TAX RATES FOR FACILITIES

Final Map	Zone	Backup Special Tax
5045-2	Zone 1	\$4,922.08 per Lot
5045-6	Zone 2	\$2,535.12 per Lot
5045-3	Zone 3	\$5,064.93 per Lot
5045-4	Zone 3	\$5,245.06 per Lot
5045-5	Zone 3	\$5,777.52 per Lot
5045-8	Zone 3	\$8,438.40 per Lot
5860	Zone 3	\$4,528.33 per Lot
5045-8	Zone 4	\$7,694.28 per Lot

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Special Tax for Facilities for each affected Assessor's Parcel classified or to be classified as Residential Property in such Final Map area that is changed or modified shall be an amount per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Tax for Facilities anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of the affected Assessor's Parcels classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to the affected Assessor's Parcels classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

**SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX
FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within CFD No. 2004-1 until the total amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property, Annexed Final Map Property, and Annexed Undeveloped Property up to 100% of the applicable Initial Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property up to 100% of the Initial Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

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

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Annexed Final Map Property and Final Map Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Six: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first five steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Annexed Undeveloped Property and Undeveloped Property up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

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

Notwithstanding the above, under no circumstances will the Special Taxes for Facilities levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2004-1.

2. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Developed Property within CFD No. 2004-1 until the total amount of Special Tax for Services equals the Special Tax Requirement for Services as follows:

The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

**SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The following definitions apply to this Section G:

“CFD Public Facilities” means \$43,750,000 expressed in 2005 dollars, which shall increase by the Construction Inflation Index on January 1, 2006, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2004-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2004-1.

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

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, as well as an Assessor's Parcel of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a Building Permit has been issued may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

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

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

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

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes and the Backup Special Taxes applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a Building Permit has been issued, compute the Assigned Special Tax and the Backup Special Tax applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel to be prepaid, (a) divide the Assigned Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City, and (b) divide the Backup Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 9) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
6. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
7. Subtract the amount computed pursuant to paragraph 6 from the amount computed pursuant to paragraph 5. This difference is the "Defeasance."

8. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
9. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than \$0.
10. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 2004-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.10 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, as well as an Assessor's Parcel of Final Map Property, Annexed Final Map Property, Undeveloped Property, or Annexed Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 2004-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities for shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.10 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding, the Special Tax for Facilities shall be levied on all Assessor's Parcels of Taxable Property. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2004-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2044-45 Fiscal Year.

The Special Tax for Services shall be levied for as long as the Special Tax for Services is needed to meet the Special Tax Requirement for Services as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to (a) less than 9.86 Acres for Tax Zone 1, (b) less than 2.47 Acres for Tax Zone 2, (c) less

than 79.80 Acres for Tax Zone 3, or (d) less than 24.12 Acres for Tax Zone 4. Assessor's Parcels which cannot be classified as Exempt Property will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly. All Affordable Units shall be exempt from the Special Tax.

Notwithstanding any provision of this First Amended Rate and Method of Apportionment of Special Tax to the contrary, in any Fiscal Year after Fiscal Year 2010-2011, the Annexed Property shall be classified as Exempt Property and shall not be subject to the levy of Special Taxes other than as specified in the following sentence if any of the Annexed Property Entitlements are not effective due to the filing or prosecution of a legal challenge, the filing of a referendum petition or as the result of a referendum election. Such Exempt Property status shall continue until the Annexed Property receives final, effective entitlements from the City that either conform substantially to the Annexed Property Entitlements or are for a subsequent development plan submitted by the owner of the Annexed Property. Upon receiving such entitlements, the levy of the Special Taxes applicable to the Annexed Property shall resume as specified herein or as set forth in a subsequent amendment of this First Amended Rate and Method of Apportionment of Special Tax.

SECTION K APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2004-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L 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 CFD No. 2004-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

BOUNDARY MAP FOR ANNEXATION MAP NO. 1 OF COMMUNITY FACILITIES DISTRICT NO. 2004-1

CITY OF MOORPARK
COUNTY OF VENTURA
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 2010.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ANNEXATION NO. 1 TO COMMUNITY FACILITIES DISTRICT NO. 2004-1 OF MOORPARK, COUNTY OF VENTURA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MOORPARK AT A REGULAR MEETING THEREOF HELD ON THE _____ DAY OF _____, 2010, BY ITS RESOLUTION NO. _____.

CITY CLERK
CITY OF MOORPARK

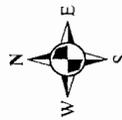
FILED THIS _____ DAY OF _____, 2010, AT THE OFFICE OF _____, COUNTY CLERK, IN THE OFFICE OF MAPS, OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS (PAGE(S) _____) AND AS INSTRUMENT NO. _____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF VENTURA, STATE OF CALIFORNIA.

BY DEPUTY
COUNTY RECORDER
COUNTY OF VENTURA
STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2004-1 OF THE CITY OF MOORPARK RECORDED WITH THE VENTURA COUNTY RECORDER'S OFFICE IN BOOK 19 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS ON PAGE 4.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE VENTURA COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED

THE VENTURA COUNTY ASSESSOR'S MAPS SHALL PROVIDE FOR IDENTIFICATION OF THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.



LEGEND
[Symbol] ANNEXATION BOUNDARY
① MAP REF NO

MAP ASSESSORS
REF. NO. 5134075125
PARCEL NO.





FACT SHEET

MELLO-ROOS FINANCING: COMMUNITY FACILITIES DISTRICT NO. 2004-1 (MOORPARK HIGHLANDS) SPECIAL TAX BONDS SERIES 2006

BACKGROUND:

In 1978 Californians enacted Proposition 13, which limited the ability of local public agencies to increase property taxes based on a property's assessed value. In 1982, the Mello-Roos Community Facilities Act of 1982 (Government Code 53311-53368.3) was created to provide an alternate method of financing needed improvements and services.

HOW IS A MELLO-ROOS CFD FORMED?

A Mello-Roos Community Facilities District (a "CFD") is created by a sponsoring local government agency, such as the City of Moorpark. A proposed district typically includes all properties that will benefit from the improvements to be constructed and/or the services to be provided. If there are fewer than 12 registered voters within the proposed district at the time of formation, a vote of the landowners (which may be a single owner or developer) is conducted.

In the case of the Moorpark Highlands project, the Moorpark City Council adopted Resolution No. 2005-2383 on September 7, 2005 which formed CFD NO. 2004-1 (the "District"). A public hearing was conducted and the special taxes received a 2/3rd landowner (the developer) vote approval. The landowner voted to incur indebtedness and to approve an annual levy of Special Taxes to be collected within the District, for the purpose of paying for certain capital facilities, including repaying bonded indebtedness of the District, replenishing the Reserve Fund, and paying the administrative expenses of the District. The City Council adopted an Ordinance on October 5, 2005 to authorize the City to levy Special Taxes within the District.

WHAT FACILITIES WERE FINANCED?

The Facilities eligible to be financed by the District are set forth in the Resolution of Intention (adopted September 15, 2004) and in the Community Facilities District Hearing Report dated August 16, 2004 prepared for the City by Willdan Financial (located in Temecula, CA). A summary of the eligible Facilities are listed on the next page:

- City of Moorpark Infrastructure, including all Development Impact Fees, Public Facilities including but not limited to Streets and Minor Bridges, Culverts, Traffic Signals and Controllers, Storm Drainage and Retention Facilities, Flood Studies, General Facilities, Vehicles, and Equipment, Open Space Acquisition, Park Land and Facilities, Community Center, Library Facilities.
- Street Improvements for Spring Road, Elk Run Loop and Ridgecrest Drive
- Wall Improvements (Los Angeles Avenue to High Street)
- Public Park, Recreation or Open Space Facilities
- School Facilities including land
- Landscaping of Public Streets, Right-of-Ways, Storm Drain Facilities, Slopes, Mitigation Monitoring and Appurtenant Facilities
- Other expenses incidental to the construction, completion, and inspection of the Facilities

The total estimated construction cost of the Facilities and other project related public expenditures is approximately \$46.5 million. Approximately \$34.3 million of the total cost of the Facilities were financed by the Series 2006 Special Tax Bonds. The remaining facilities costs were funded by the Developer.

HOW ARE THE ANNUAL SPECIAL TAXES DETERMINED?

By law, the Special Tax cannot be directly based on the value of the property. Special Taxes instead are based on mathematical formulas that take into account property characteristics such as use of the property, square footage of the structure, and lot size.

ANNUAL ASSIGNED SPECIAL TAX RATE: The Annual Special Tax Rate for Facilities for residential units in CFD 2004-1 currently varies depending on the size of the home and its location within any of the four Special Tax Zones as specified in the Rate and Method of Apportionment for CFD 2004-1. The Assigned Annual Special Tax for Facilities ranges from approximately \$3,858 per unit for homes less than 2,151 square feet, to approximately \$7,097 per unit for homes greater than 4,900 square feet. The Assigned Annual Special Tax for Facilities for Condominiums in the District ranges from \$2,041 per unit to \$2,818 per unit, depending on square footage of the unit.

ANNUAL MAXIMUM SPECIAL TAX RATE: When Community Facilities Districts are formed, the revenues from the Special Taxes against the properties (lots) are pledged to secure bonded indebtedness. In addition to the Assigned Special Tax Rate explained above, a Maximum Tax is also established. The Maximum Tax Rate would only be imposed if and to the extent needed to make up deficiencies in the collection of Special Taxes, due to delinquencies or other factors. The Maximum Tax Rate is calculated so that sufficient tax revenue can be collected to pay indebtedness and to ensure the District is self-funding. Public Law requires that this Maximum Special Tax Rate must be disclosed to the tax payer even though the Maximum Special Tax may never be imposed.

An additional Special Tax for Services will also be assessed, for budgeted costs related to City Police Services. The Maximum Special Tax for Services was \$400 per lot in Fiscal Year 2005-06, increasing annually by the greater of (i) 3%, or (ii) the percentage change in the Consumer Price Index, not to exceed 7% annually.

WHAT IS THE CURRENT STATUS OF THE MOORPARK HIGHLANDS DEVELOPMENT?

Due to economic issues generally and within the real estate market there has been a delay in the completion of the remaining phases of construction within Cherry Hill which is in the process of completing the remaining construction and sales of its homes. However, Shenandoah, Magnolia Lane and Waverly Place are considered complete and "sold out".

Toll Brothers, Inc. has model homes constructed and sales and construction of their neighborhood, identified as the Pinnacle at Moorpark Highlands, is underway. The following is a current status of the facilities financed by the District:

Project	Status
Infrastructure & Developmental Impact Fees	Complete
Street Improvements for Spring Road, Elk Run Loop and Ridgecrest Drive	Complete
Wall Improvements for Los Angeles Avenue to High Street	Complete
Public Park, Recreation, Open Space Facilities	Complete
Landscaping of Public Streets, Storm Drains, Slopes and Mitigation Monitoring and Appurtenant Facilities	Complete
Acquisition of Public School Site	Suspended

WHAT IS LEFT OF THE BOND ISSUANCE PROCEEDS?

The following is a summary of the original bond issue and remaining bond proceeds as of 6-04-2010:

Original Bond Issue

Improvement Fund	\$34,066,993
Reserve Fund	2,472,615
Bond Fund	270,547
Less Original Issue Discount	211,251
Cost of Issuance	1,008,594
Total Par Amount	<u>38,030,000</u>

Improvement Fund Activity

Improvement Fund	\$34,066,993
Reimbursements	(\$20,937,165)
Flood Control Improvements	(\$1,000,000)
Estimated Total Interest Earnings	1,841,433
	<u>\$13,971,261</u>

Fund and Account Balances as of 6-4-2010

Improvement Fund	\$13,971,261
Bond Fund (Debt Service Payments)	\$2,300,553
Reserve Fund	\$2,341,283
Cost of Issuance	<u>\$15,012</u>

HOW WILL THE ESTIMATED REMAINING BALANCE OF THE PROCEEDS BE USED?

Based on the project development costs incurred by Pardee Homes to date, Pardee Homes has agreed to limit its use of the bond proceeds to a total of \$27 million. Based on the recent Memorandum of Understanding (MOU) between the City of Moorpark and Pardee Homes, Pardee is eligible to be reimbursed a remaining \$4,000,000 for improvements constructed regardless of new development being approved by the City. If the terms in the MOU are implemented through approval of the proposed residential project on the former 22-acre school site, then Pardee may request reimbursements up to the total amount of \$27 million mentioned above, which equates to \$6,062,835 available for reimbursements to Pardee.

In addition, in the MOU reached between Pardee Homes and the City of Moorpark, both parties agree that any funds in the Project Improvement Fund in excess of the amount required to fund such total reimbursement, less any CFD 2004-1 consultant costs and adding of the residential units, shall be applied to redeem a portion of the Bonds. Below is a summary of the proposed Bond Call Calculation.

DATE PREPARED:		06/04/2010
CALL DATE:		09/01/2010
CALL NOTICE REQUIRED:		30
<u>FUND BALANCES AS OF 6/04/2010</u>		
Improvement Fund		\$13,971,261
Cost of Issuance Account		\$15,012
Surplus Funds from Bond Fund		<u>\$218,252</u>
REMAINING REBURSEMENTS		(-\$6,062,835)
CITY CONSULTANTS		(-\$75,000)
AVAILABLE SURPLUS FUNDS		\$8,066,690
REDEMPTION:		\$0.00
CURRENT RESERVE FUND REQUIREMENT:		\$2,341,283
RESERVE FUND REQUIREMENT AFTER BOND CALL:		(-\$1,761,004)
TOTAL AVAILABLE FOR CALLS:		\$8,646,969
BONDS TO BE CALLED:	(1,679)	\$8,395,000
TOTAL REDEMPTION PENALTY	3.00%	<u>\$251,850</u>
AMOUNT NEEDED FOR BOND CALL:		\$8,646,850
TOTAL AVAILABLE FOR FUTURE CALLS:		
FROM SURPLUS FUND:		\$119

The approximately \$8.395 million of Bonds to be called will result in a decrease in the Special Taxes for Facilities for each property owner within the District. The decrease in

the Special Taxes would result in an approximate 21% decrease to the District's property owners. Additional Special Tax for Facilities reductions are expected when the former school site is developed into new single-family residential homes and are also levied a Special Tax for Facilities, which will result in additional tax revenues available to fund the CFD bond obligation. This is discussed in depth in a later section of this fact sheet and is expected to add an about 16% to the approximate 21% decrease mentioned above for a total decrease, equal to 37%, in the amount of Special Tax that would be necessary to levy against property in the District, assuming full build-out and no delinquencies.

WHAT IS THE CURRENT STATUS OF THE SCHOOL SITE?

In October of 2008, the Moorpark Unified School District (MUSD) made a decision to not proceed with the construction of the school site and made a request to terminate the agreement with Pardee Homes. Pardee Homes and the MUSD have been in a dispute over MUSD's ability to terminate the Purchase and Sale Agreement with regards to the purchase of the school site. On April 1, 2009, the City of Moorpark and Pardee Homes executed the MOU to process a proposed residential project on the school site. The proposed residential neighborhood would consist of a maximum of 225 additional units (approximately 70 detached homes and 142 attached homes), but no less than 160 units. However, after evaluating the financial aspects of the project, Pardee decided that the project would not be feasible for more than 133 detached units.

WILL SPECIAL TAXES BE LOWERED AS A RESULT OF THE NEW HOMES ON THE PROPOSED SCHOOL SITE AND THE BOND CALL?

Yes. The effects of the special taxes for the newly proposed homes within the CFD are still being finalized; however, as mentioned previously, the proposed bond redemption and the annexation of the proposed 133 additional homes into the CFD would reduce the amount of special taxes levied against property in the District. As a result, the Rate and Method of Apportionment (RMA) will be amended to adjust the current special tax structure, by adding a reduced tax entitled 'Initial Special Tax.' The Initial Special Tax will reflect the 37% reduction in the Assigned Special Tax and, if approved, would be the primary tax that is levied against properties in the District to pay debt service and administration expenses. The Assigned Special Taxes and Maximum Special Taxes currently identified in the RMA would only be levied as a backup, if necessary. The decrease and new Special Tax structure may be implemented in Fiscal Year 2010-11, and would reflect the reduced Special Tax levy on each property's Fiscal Year 2010-11 tax bill installments in December 2010 and April 2011. The new Pardee development will be levied a Special Tax for Facilities commencing in Fiscal Year 2010-11. The table on page 6 illustrates the new Special Tax structure, in which, ***the Initial Special Tax would be levied first, and the Assigned Special Tax and Maximum Special Tax would only be levied, if necessary.*** The new homes proposed for the former school site is still subject to City Council approval. However, the current proposed development falls under Tax Class 1 and 2 of Zone 3. Table 6 is only an estimate and is not considered final until the new development is approved, the bond call occurs, and City Council adopts the amended Rate and Method of Apportionment.

SPECIAL TAX SUMMARY				
<u>Proposed Special Tax Classes</u>	<u>Initial Special Tax</u>	<u>Assigned Special Tax Rate</u>	<u>Backup Special Tax</u>	<u>Maximum Special Tax</u>
Zone 1 - Planning Area 1			5045-2	
Less than < 2,151	\$ 2,431	\$ 3,858	\$ 4,922.08	\$ 4,922.08
2,151 - 2,350	2,548	4,044	4,922.08	4,922.08
2,351 - 2,550	2,646	4,200	4,922.08	4,922.08
2,551 - 2,750	2,689	4,268	4,922.08	4,922.08
Greater than > 2,750	2,825	4,483	4,922.08	4,922.08
Undeveloped and Final Map	\$ 25,315	\$ 40,182		\$ 40,182
Zone 2 - Planning Area 5			5045-6	
Less than < 1,401	\$ 1,286	\$ 2,041	\$ 2,535.12	\$ 2,535.12
1,401 - 1,600	1,502	2,383	2,535.12	2,535.12
Greater than > 1,600	1,776	2,818	2,535.12	2,818.00
Undeveloped and Final Map	\$ 49,789	\$ 79,030		\$ 79,030
Zone 3 - Planning Areas 2, 3, 4, 9				
Less than < 2,351	\$ 2,834	\$ 4,497	5045-3	Varies
2,351 - 2,600	2,887	4,581	\$ 5,064.93	Varies
2,601 - 2,850	2,939	4,665	5045-4	Varies
2,851 - 3,100	3,016	4,786	\$ 5,245.06	Varies
3,101 - 3,350	3,136	4,977	5045-5	Varies
3,351 - 3,600	3,501	5,556	\$ 5,777.52	Varies
3,601 - 3,850	3,618	5,742	5045-8	Varies
3,851 - 4,100	3,745	5,943	\$ 8,438.40	Varies
4,101 - 4,350	3,908	6,203	5860	Varies
4,351 - 4,600	4,026	6,390	\$ 4,528.33	Varies
Greater than > 4,600	4,143	6,576		Varies
Undeveloped and Final Map	\$ 16,072	\$ 25,511		\$ 25,511
Annexed Undeveloped and Final Map	\$ 30,040	47,667		\$ 47,667
Zone 4 - Planning Area 8 (Toll Brothers)			5045-8	
Less than < 3,201	\$ 3,697	\$ 5,868	\$ 7,694.28	\$ 7,694.28
3,201 - 3,750	3,956	6,278	7,694.28	7,694.28
3,751 - 4,300	4,073	6,464	7,694.28	7,694.28
4,301 - 4,900	4,237	6,725	7,694.28	7,694.28
Greater than > 4,900	4,472	7,097	7,694.28	7,694.28
Undeveloped and Final Map	\$ 6,322	\$ 10,034		\$ 10,034

Notes:

- (1) These projections are preliminary and subject to change, additional information will be shared when available.

NOTE: The term "Initial" refers to the probable adjusted Special Tax

WHAT IS THE TIMING OF CONSTRUCTION OF THE NEW RESIDENTIAL DEVELOPMENT?

In September 2009, Pardee submitted an application for a Plan Amendment, related Residential Development Permit and Tentative Tract Map. The current approval process is expected to be complete by July 2010. There are many administrative steps for approvals that have to occur before construction can begin. The following is the current administrative project schedule:

<i>Proposed Action</i>	<i>Estimated Date</i>
Submittal of Application/Plans	9/18/2009*
Review of Applications/Plans	9/18-10/14/2009*
Letter of Incompleteness	10/14/2009*
Revisions to Plans by Applicant	10/14-12/23/2009*
Submittal of Revised plans	01/21/2010*
Review and Acceptance of Revised Plans	02/16/2010*
Prep of Draft Development Agreement (DA)	02/16-03/02/2010*
City Manager review of Draft DA	03/02-05/19/2010*
Negotiation of Draft DA by Ad Hoc Committee and Recommendation to City Council	05/19-05/27/2010*
Preparation of Council Rpt on Draft DA	05/27/2010
Preparation of Planning Commission Agenda Report	05/10-06/1/2010
Advertisement of Public Hearing for Planning Commission	06/05/2010
Planning Commission Public Hearing on Applications	06/15/2010
Preparation of City Council Agenda Report	06/15-06/25/2010
Advertisement of Public Hearing for City Council	06/26/2010
City Council Public Hearing on Applications	07/07/2010
Second Reading of DA Ordinance	07/21/2010
Construction of new home site	TBD

*item already completed

WHAT HAPPENS IF THERE IS A DELAY IN THE CONSTRUCTION OF THE PROPOSED 133 HOMES?

The CFD Special Tax for Facilities will be levied against the new proposed Pardee development immediately after the development is officially annexed into the CFD, which is expected to occur in July 2010. Thus the adjusted Special Tax Rates would be effective for the next tax roll with first payment due prior to December 10, 2010.

WHAT HAPPENS IF THE ANNEXATION FOR THE DEVELOPMENT DOES NOT PROCEED AS PLANNED OR DOES NOT PROCEED AT ALL

The City currently expects development approvals to be finalized in July 2010 and the annexation to occur simultaneously with such final approvals. However until annexation occurs, no CFD Special Tax for Facilities can be levied against the new development. At the present time Pardee Homes has verbally stated its approval of the annexation contingent upon approval of the proposed project. The City has scheduled the necessary approval and annexation actions for the City Council meetings of June 16, July 7 and July 21. If the development proposal is altered and/or the annexation does not occur, the facts described above would change or not occur at all.

For additional information of clarification please contact Hugh Riley, Assistant City Manager, (805) 517-6215, email - hriley@ci.moorpark.ca.us, or Habib Isaac, Senior Project Manager with Willdan Financial, (951) 587-3574, email - hisaac@willdan.com.