

APPENDIX "B"

RATES AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 1 OF THE MORENO VALLEY COMMUNITY SERVICES DISTRICT OF THE CITY OF MORENO VALLEY

A Special Tax (the "Special Tax") shall be levied on and collected from each Parcel (defined below) in Community Facilities District No. 1 (the "District"), in each Fiscal Year, (defined below), commencing in the Fiscal Year beginning July 1, 2003, in an amount determined by the Board of Directors of the Moreno Valley Community Services District of the City of Moreno Valley, acting in its capacity, as the legislative body of the District (hereinafter as the "Board"), by applying the rates and method of apportionment set forth below. All of the real property in the District, unless exempted by law or by the provisions herein, shall be taxed for the purposes, to the extent and in the manner provided herein.

A. DEFINITIONS

"Administrative Expense" means costs and expenses which are expected to be incurred by the District and the Community Services District in the apportioning and levying the Special Tax and providing the Services during each Fiscal Year, including the estimated cost or value of the time of the City's personnel in accomplishing the levy of the Special Tax and providing the Services, costs incurred by the District and the Community Services District for the services of an engineer or a special tax consultant in connection with the apportionment and levy of the Special Tax for each Fiscal Year, costs incurred by the District and the Community Services District for the services of its attorneys in connection with the levy of the Special Tax for each Fiscal Year and any other similar cost or expense which is expected to be incurred by the District or the Community Services District with respect to any Fiscal Year.

"Board" has the meaning set forth in the preamble.

"City" means the City of Moreno Valley.

"Commercial/Industrial Property" means any Parcel that is used for the purpose of the sale, distribution, or manufacture of a product or service.

"Community Services District" has the meaning set forth in the preamble. The Community Services District provides parks and recreation, street lighting and landscaping services to those properties receiving benefit from the services provided. The boundary of the Community Services District is coterminous with the City boundary.

“Contingency Reserve” means a reserve to be established, replenished and maintained for the District in an amount equal to ten percent (10%) of the estimated costs of providing the Services and estimated associated Administrative Expenses for any Fiscal Year to provide for the payment of unexpected costs which may be incurred in the Fiscal Year.

“District” has the meaning set forth in the preamble.

“Dwelling Unit” means a single-family residential lot or the equivalent or a multi-family residential unit or the equivalent. All other property, not classified as Exempt Property, is assigned two (2) Dwelling Units per acre.

“Exempt Property” means all property classified as Commercial/Industrial Property and publicly owned or dedicated property not subject to Special Tax and includes sliver parcels, common lots, open space, or any other property that cannot be developed.

“Fiscal Year” means the period from and including July 1st of any year to and including the following June 30th.

“Land Use Category” means any of the categories contained in Table 1 hereof to which a Parcel is assigned consistent with the land use approvals that have been received or proposed for the Parcel as of March 1 preceding the beginning of a Fiscal Year.

“Maximum Special Tax Rate(s)” means the Maximum Special Tax Rate per Dwelling Unit that can be levied by the Board in any Fiscal Year. The Maximum Special Tax Rate for Fiscal Year 2003-2004 is \$115 per Dwelling Unit. The Maximum Special Tax Rates per Dwelling Unit for Parcels in all Maintenance Categories shall be increased by the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or by two percent (2%), whichever is greater, on July 1, 2004 for Fiscal Year 2004-05 and on each subsequent July 1 for the Fiscal Year then commencing.

“Multi-family Residential Property” means any Parcel of Residential Property that consists of a building or buildings comprised of attached residential units available for rental, but not purchase, by the general public and under common management.

“Parcel” means a lot or Parcel, any portion of which lies within the boundaries of CFD No. 1, and which is shown on the then current applicable Assessor’s Parcel Map(s) with an assigned parcel number in the Tax Assessment Roll of the County Assessor of the County of Riverside.

“Parks and Park Improvement” means Parks and Park Improvements which are to be developed, constructed, installed, and maintained within and in the area of CFD No. 1 and which will be owned and operated by the District for the benefit of the residents of CFD No. 1.

“Services” means the maintenance and/or repair of Parks and Park Improvements including, but not limited to, the planting, replanting, mowing, trimming, irrigation and fertilization of grass, trees, shrubs, and other ornamental plants and vegetation, the operation, maintenance, repair, and replacement of irrigation systems associated with Parks and Park Improvements, and all the effort by Park Rangers that is devoted to the maintenance of the Parks and Park Improvements and public safety.

“Single-family Residential Property” means any residential property that consists of a building comprised of attached or detached residential units available for purchase or rent by the general public.

“Special Tax(es)” means the Special Tax to be levied in each Fiscal Year on each Parcel of Taxable Property.

B. ASSIGNMENT TO LAND USE CATEGORY

The Special Tax shall be levied upon and collected from a Parcel for each Fiscal Year according to the Land Use Category contained in Table 1 to which the Parcel has been assigned.

TABLE 1
Land Use Category

<u>Land Use Category</u>	<u>Description</u>	<u>Dwelling Unit(s)</u>
1	Single-family Residential and Multi-family Residential	One (1) / Residence or Residential Unit
2	All Other Property	Two (2) / Acre

No Special Tax shall be levied on property which, at the time of adoption of the Resolution of Formation for the District, is classified as Commercial/Industrial Property or property that is owned by or dedicated or otherwise conveyed to a public agency, is a common lot, or is dedicated as open space.

C. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX

For each Fiscal Year, the Board shall determine the total amount of the Special Tax to be levied and collected to pay (a) the estimated costs of providing the Services during the Fiscal Year, (b) the amount estimated to be necessary to pay Administrative Expenses during the Fiscal Year, and (c) the amount required to fund or replenish the Contingency Reserve (the "Total Special Tax"), and shall levy the Special Tax on all Parcels in the District (except Parcels of Exempt Property) in an amount per Dwelling Unit, determined by the Land Use Categories to which the Parcels are assigned, which will provide an amount equal to the Total Special Tax; providing that the amount of Special Tax to be levied on any Parcel shall not exceed the amount determined by multiplying the Dwelling Units for the Parcel by the Maximum Special Tax Rate for the Fiscal Year.

D. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed to the District from time to time. As each annexation is proposed, the property to be annexed will be assigned to the appropriate Land Use Category contained in Table 1.

E. DURATION OF SPECIAL TAX LEVIES

All Parcels of Taxable Property within the District shall continue to be subject to the levy and collection of the Special Tax to satisfy the Special Tax Requirement as long as the District operates and maintains Parks and Park Improvements within and for the benefit of the residents of CFD No. 1.