

SECOND AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax for the City of Moreno Valley Community Facilities District No. 2014-01 (Maintenance Services) (the “CFD”) shall be levied on all Assessor's Parcels in the CFD and collected each Fiscal Year in an amount determined by the City through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Act**” means the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 *et seq.*).

“**Administrative Expenses**” means the expenses incurred by the City as administrator of the CFD to determine, levy and collect the Special Taxes, including salaries and benefits of City employees whose duties are related to administration of the CFD and the fees of consultants, legal counsel, the costs of collecting installments of the Special Taxes, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

“**Annexation Group**” means a Parcel or group of Parcels that are annexed into the CFD and designated as an Annexation Group by the City Council action ordering annexation. In the event such order does not designate parcels as an Annexation Group, all parcels annexed by the order shall constitute a single Annexation Group.

“**Annual Escalation Factor**” means the greater of the increase in the annual percentage change in the Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County Region as published by the Department of Labor’s Bureau of Labor Statistics or five percent (5%). If the CPI for the Los Angeles-Riverside-Orange County area is discontinued, the CFD administrator may replace it with a similar index for the purposes of calculating the Annual Escalation Factor.

“**Assessor's Parcel**” or “**Parcel**” means a lot or parcel shown on the official map of the Riverside County Assessor designating parcels by assessor's parcel number.

“**Building Permit**” means a permit issued for new construction of a residential or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits issued solely for grading, utility improvements, or other such improvements that are constructed and installed and are not intended for human occupancy.

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

“CFD” means City of Moreno Valley Community Facilities District No. 2014-01 (Maintenance Services).

“City” means the City of Moreno Valley.

“Fiscal Year” means the period starting July 1 and ending the following June 30.

“Landscaping Area” means the area of landscaping added to the landscaping improvements to be maintained in connection with the CFD and funded by the Special Tax for specified Annexation Group(s).

“Maintenance Ratio” means the ratio derived by:

- (i) taking the square footage of the Landscaping Area associated with an Annexation Group, then
- (ii) dividing the amount from (i) by the number of Taxable Parcel(s) within that Annexation Group. Such amount will be rounded to the nearest whole number.

The Maintenance Ratio represents the number of square feet of landscaping that will be maintained for each taxed parcel.

For example, if an Annexation Group consists of all of the parcels in a new single family residential subdivision consisting of 100 single family residential parcels, and the CFD will fund the maintenance of 15,000 square feet of landscaping in the subdivision, then the Maintenance Ratio for the Annexation Group is 150 (15,000 divided by 100).

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section B below that can be levied in the CFD in any Fiscal Year on any Assessor's Parcel.

“Median” means any landscaped area to be maintained in connection with the CFD that is located between lanes of traffic within the street right-of-way.

“Median-Shared” means any Median that is located in the right-of-way of a street that is bordered on both sides by parcels that are within the CFD (even if such parcels are separated from the right-of-way by a wall, parkway or other improvement).

“Parkway” means any landscaped area, other than a Median, to be maintained in connection with the CFD.

“Property Owner Association Property” means any property within the boundaries of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder, to a property owner association, including any master or sub-association.

“Proportional Front Foot” means, for a parcel of Taxable Property that is part of an Annexation Group, the result of the following calculation:

- (i) Take the total linear footage adjacent to each street light, Median, or Parkway improvements for all parcels of Taxable Property in that Annexation Group; then,
- (ii) Divide the total linear front footage calculation in step (i) by the total acreage of all Taxable Property in the Annexation Group; then,
- (iii) Multiply the result in step (ii) by the parcel’s acreage for which the Proportional Front Foot is being calculated.

This calculation should be done separately with respect to:

- a) Median-Shared improvements
- b) Median improvement other than Median-Shared improvements
- c) Parkway improvements, and/or
- d) Street light improvements

The purpose of this calculation is to determine, based on a parcel’s share of the acreage in its Annexation Group, the parcel’s “fair share” of the linear footage of improvements maintained in connection with the CFD.

For example: if an Annexation Group consist of 10 acres of Taxable Property and in total 500 linear feet of the frontage of these parcels is adjacent to CFD-Maintained Parkway Improvement, then a 1.5 acre parcel of Taxable Property in that Annexation Group would have 75 Proportional Front Feet of Parkway $((500 / 10) * 1.5)$.

“Proportionately” means with respect to a Tax Rate Area, the ratio of the actual Special Tax levy to the Maximum Special tax is equal for all Assessor's Parcels within the Tax Rate Area.

“Public Property” means any property within the boundaries of the CFD that is owned by or irrevocably offered for dedication to the federal government, the State, the County, the City or any other public agency and is used for public purposes.

“Single-Family Residential” means any Assessors’ Parcel within the CFD for which a Building Permit has been, or is intended to be, issued for purposes of constructing a residential structure consisting of one single-family unit.

“Special Tax” means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement, and shall include Special Taxes levied or to be levied under Sections B and C, below.

"Special Tax Requirement" means, for each Tax Rate Area separately, the amount required in any Fiscal Year to: (i) pay for the services financed by the CFD; (ii) pay Administrative Expenses; (iii) pay any amounts required to establish or replenish any Reserve Funds; and (iv) pay for anticipated delinquent Special Taxes (not to exceed 10% of total requirement) less any surplus of funds available from the previous Fiscal Year's Special Tax levy.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of the CFD other than Tax-Exempt Property.

“Tax-Exempt Property” means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, (ii) Property Owner Association Property, and (iii) property otherwise exempted by law from the Special Tax.

“Tax Rate Area” means a grouping of parcels that are taxed to fund a specific service. For example, Tax Rate Area No. SL-01 includes all parcels that are taxed for standard residential street lighting services and Tax Rate Area No. LM-01 includes all parcels that are taxed for landscape maintenance services for the public landscaping maintained in connection with Tax Rate Area No. LM-01. Tax Rate Areas may be created from time to time, and each parcel annexed to the CFD shall, at the time it is annexed, be assigned to one or more Tax Rate Area(s) by action of the City Council (with the consent of the property owner or with voter approval).

B. MAXIMUM SPECIAL TAX RATES

Each Tax Rate Area has separate Maximum Special Taxes for Taxable Property. On each July 1 following its indicated “base year”, the Maximum Special Tax for Taxable Property for a Tax Rate Area shall be increased in accordance with the Annual Escalation Factor. No Special Tax shall be levied on Tax-Exempt Property.

1. Tax Rate Area No. SL-01 (Single-Family Residential Street Lighting)

The Maximum Special Tax for Taxable Property in Tax Rate Area No. SL-01 will be \$197.39 per Single-Family Residential Parcel.

The base year for Tax Rate Area No. SL-01 is Fiscal Year 2014/15.

2. Tax Rate Area No. SL-02 (Street Lighting for Property Other than Single-Family Residential)

The Maximum Special Tax for Taxable Property in Tax Rate Area No. SL-02 will be \$3.25 per Proportional Front Foot.

The base year for Tax Rate Area No. SL-02 is Fiscal Year 2014/15.

3. Tax Rate Area No. LM-01 (Single-Family Residential Landscaping)

The Maximum Special Tax for Taxable Property in Tax Rate Area No. LM-01 will be as follows:

Maintenance Category	Maintenance Ratio	Rate per Single-Family Residential Parcel
LM-01A	Less than or equal to 20 square feet per Single-Family Residential Parcel	\$14.19
LM-01B	21 - 40 square feet per Single-Family Residential Parcel	\$42.58
LM-01C	41 - 70 square feet per Single-Family Residential Parcel	\$78.06
LM-01D	71 - 110 square feet per Single-Family Residential Parcel	\$127.73
LM-01E	111 - 160 square feet per Single-Family Residential Parcel	\$191.60
LM-01F	161 - 220 square feet per Single-Family Residential Parcel	\$269.66
LM-01G	221 - 290 square feet per Single-Family Residential Parcel	\$361.91
LM-01H	291 - 370 square feet per Single-Family Residential Parcel	\$468.36
LM-01I	371 - 460 square feet per Single-Family Residential Parcel	\$589.00
LM-01J	461 - 560 square feet per Single-Family Residential Parcel	\$723.83
LM-01K	561 - 670 square feet per Single-Family Residential Parcel	\$872.85
LM-01L	671 - 790 square feet per Single-Family Residential Parcel	\$1,036.07
LM-01M	791 - 920 square feet per Single-Family Residential Parcel	\$1,213.48
LM-01N	921 – 1,060 square feet per Single-Family Residential Parcel	\$1,405.08
LM-01O	1,061 – 1,210 square feet per Single-Family Residential Parcel	\$1,610.87
LM-01P	1,211 – 1,370 square feet per Single-Family Residential Parcel	\$1,830.86
LM-01Q	1,371 – 1,540 square feet per Single-Family Residential Parcel	\$2,065.04
LM-01R	1,541 – 1,720 square feet per Single-Family Residential Parcel	\$2,313.41
LM-01S	1,721 – 1,910 square feet per Single-Family Residential Parcel	\$2,575.98
LM-01T	1,911 – 2,110 square feet per Single-Family Residential Parcel	\$2,852.73

The base year for Tax Rate Area No. LM-01 is Fiscal Year 2014/15.

4. Tax Rate Area No. LM-02 (Landscaping for Property Other than Single-Family Residential)

The Maximum Special Tax for Taxable Property in Tax Rate Area No. LM-02 will be as follows:

Maintenance Category	Maintenance Description	Rate per Proportional Front Foot
LM-02A	Median(s) (other than Medians-Shared)	\$10.94
LM-02B	Median(s)-Shared	\$5.47
LM-02C	Parkway(s)	\$13.48

In the event the Proportional Front Footage for a single Annexation Group contains multiple Maintenance Categories, the Maximum Special Tax for Taxable Property in the Annexation Group will be the sum of the Special Taxes for each applicable Maintenance Category. For example if a parcel has 75 Proportional Front Feet of Parkway (see the example given as part of the definition of “Proportional Front Foot”) and 50 Proportional Front Feet of Medians that are not Medians-Shared, that parcel’s Maximum Special Tax will be \$1,558 (75 x \$13.48)+(50 x \$10.94).

If, as a result of an annexation, improvements (or portions of improvements) that had been classified in prior fiscal years as “Median” become “Median-Shared” improvements, the proportional front feet associated with those improvements (or portions of improvements) shall be taxed at the LM-02B rate rather than the LM-02A rate.

The base year for Tax Rate Area No. LM-02 is Fiscal Year 2014/15.

C. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

For each Fiscal Year, the CFD Administrator shall, separately within each Tax Rate Area, levy the Special Tax Proportionately on each Assessor’s Parcel, whether Developed or Undeveloped, within that Tax Rate Area at up to 100% of the applicable Maximum Special Tax until the amount levied is equal to the Special Tax Requirement assigned to that Tax Rate Area in that Fiscal Year.

D. APPEALS

Any taxpayer that believes that the amount of the Special Tax assigned to a Parcel is in error may file a written notice with the CFD Administrator appealing the levy of the Special Tax. This notice is required to be filed with the CFD Administrator during the Fiscal Year the error is believed to have occurred. The CFD Administrator or its designee will then promptly review the appeal and, if necessary, meet with the taxpayer. If the CFD Administrator verifies that the tax should be changed the Special Tax levy shall be corrected and, if applicable, a refund shall be granted.

The City Council may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeals. Any decision of the City Council shall be final and binding as to all persons.

E. MANNER OF COLLECTION

The Special Tax as levied pursuant to Section D above and shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; however, the CFD Administrator may directly bill the Special Tax or collect Special Taxes at a different time, if necessary, to meet the financial obligations of the CFD as otherwise determined appropriate by the CFD Administrator.

The Special Tax shall be subject to the same penalties, procedure, sale, and lien priority in any case of delinquency as applicable for ad valorem taxes.

F. PREPAYMENT OF SPECIAL TAX OBLIGATION

The Special Tax may not be prepaid.

G. TERM OF SPECIAL TAX

Taxable Property in the CFD shall remain subject to the Special Tax in perpetuity or until the City Council takes appropriate actions to terminate the Special Tax pursuant to the Act.

H. ANNEXATIONS

It is intended that territory will, from time to time, be annexed to the CFD. Such territory will be assigned to new Tax Rate Areas, existing Tax Rate Areas, or a combination of new and existing Tax Rate Areas. In the event annexed territory is assigned to an existing Tax Rate Area, services (of a nature similar to those already provided in connection with the Tax Rate Area) will be provided to the annexed territory (or public improvements associated with the annexed territory).

I. RESTATEMENT

This document has been amended and restated from its original form. The purpose of restatements is to maintain the clarity of this document over time; to allow the document to be relevant to both existing and newly annexed parcels; and to aid in the efficient administration of the CFD. Amendments, except where approved by the relevant property owners, are not intended to increase the Maximum Special Tax Rate(s) applicable to parcels already a part of the CFD at the time of the amendment. To the extent an amendment inadvertently increases the Maximum Special Tax Rate(s) applicable to a Parcel, the Maximum Special Tax Rate(s) (adjusted by any associated

Annual Escalation Factor) consented to by the owners of that Parcel at the time the Parcel was annexed to the CFD (or the voter-approved Maximum Special Tax Rate(s)) shall apply to that Parcel.

For purposes of the preceding paragraph, with respect to actions that occurred before a Parcel (the "Current Parcel") existed, the owners of the Current Parcel shall be understood to mean the owners of the Parcel that included the territory of the Current Parcel at the time the action occurred.

J. FORMER TAX RATE AREA NO. 1

Note that, beginning with the first amended and restated version of this document, the Tax Rate Area that was designated Tax Rate Area No. 1 in previous versions of this document has been redesignated as Tax Rate Area Nos. LM-01 and SL-01 (the "Successor Areas"). The combined Maximum Special Tax Rates in connection with the Successor Areas with respect to each Assessor's Parcel in former Tax Rate Area No. 1 is equal to the Maximum Special Tax Rate for former Tax Rate Area No. 1 and, together, the Successor Areas fund all services funded by the former Tax Rate Area No. 1. This change was made for administrative convenience and is not intended to increase the tax on the parcels included in former Tax Rate Area No. 1.

K. REVISION TO RATE TABLE FOR TAX RATE AREA NO. LM-01

Note that, beginning with the second amended and restated version of this document, an expanded tax rate table was created for Tax Rate Area No. LM-01. This tax rate table was designed to provide appropriate Maximum Tax Rates for parcels with different Maintenance Ratios.

All Taxable Parcels in Tax Rate Area No. LM-01 prior to this amendment were subject to a Base Year 2014/15 Maximum Special Tax of \$468.36 and are part of an Annexation Group with a Maintenance Ratio of 291 - 370 square feet per Single-Family Residential Parcel. This amendment does not change the maximum special tax rate for parcels already in the District. This change is not intended to increase the tax on the parcels included in Tax Rate Area No. LM-01 prior to the amendment.