EXHIBIT D

CITY OF AZUSA
COMMUNITY FACILITIES DISTRICT NO. 2017-1
(PUBLIC SAFETY SERVICES)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax as hereinafter defined applicable to each Assessor's Parcel in Community Facilities District No. 2017-1 ("CFD No. 2017-1" or "CFD") shall be levied and collected each Fiscal Year commencing in Fiscal Year 2017-18, in an amount determined by the City Council acting in its capacity as the legislative body of CFD No. 2017-1, through the application of the appropriate Special Tax rate, as described below.

All Developed Property in CFD No. 2017-1 shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

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.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Division 2, of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2017-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs to the City, the CFD or any designee thereof of complying with City or CFD disclosure requirements; the costs associated with responding to public inquiries regarding the Special Taxes; the costs of the City, the CFD or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or the CFD for any other administrative purposes of CFD No. 2017-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means the person or firm designated by the City to administer the Special Taxes according to this Rate and Method of Apportionment of Special Tax.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor designating parcels by Assessor's Parcel number.

“Authorized Services” means the public services authorized to be funded by the CFD as set forth in the documents adopted by the City Council when the CFD was formed.

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

“CFD No. 2017-1” or “CFD” means the City of Azusa Community Facilities District No. 2017-1.

“City” means the City of Azusa.

“City Council” means the City Council of the City of Azusa, acting as the legislative body of CFD No. 2017-1.

"Consumer Price Index" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Urban Consumers" in the Los Angeles - Riverside – Orange County Area, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

“County” means the County of Los Angeles.

“Developed Property” means, in any Fiscal Year, all Parcels in the CFD for which a building permit has been issued for new residential or non-residential construction prior to May 1st of the preceding Fiscal Year.

“Dwelling Unit” or “D/U“ means an individual single family detached unit or an individual residential unit within a duplex, triplex, fourplex, townhome, condominium, cluster-type or apartment structure and designated under Land Use Categories 1 through 4 of Table 1, or assigned as such by the City.

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

“Land Use Category” means a category of Residential Property as designated in Table 1 of this Rate and Method of Apportionment of Special Tax.

“Maximum Special Tax” means the maximum Special Tax determined in accordance with Section C below that can be levied on Developed Property in any Fiscal Year.

"MFA or Multi-Family Apartment Property" means any Assessor's Parcel of Residential Property that consists of a building or buildings comprised of attached Dwelling Units available for rental, but not purchase, by the general public and under common management, and designated as such by Table 1 of this Rate and Method of Apportionment of Special Tax.

“Non-Residential Property” means, in any Fiscal Year, all Parcels of Developed Property in CFD No. 2017-1 for which a building permit was issued prior to May 1 of the preceding Fiscal Year for construction of a non-residential structure that is to be used for a commercial or industrial business operation, as determined by the City. Notwithstanding the foregoing, if building permit(s) have been issued for a structure that will include both Dwelling Units and commercial operations, the Dwelling Units within the building will be categorized as Residential Property, and the Special Tax shall be calculated separately for the Dwelling Units on the Parcel. The proportionate share of the

Acreage of the Parcel to be used to calculate the Special Tax assigned to the Non-Residential Property on the Parcel shall be determined by the CFD Administrator.

“Project Area A” means all Taxable Property represented by Assessor’s Parcel Numbers 8608-027-905, 8608-027-906, 8608-027-907, 8608-027-908 and depicted as Lots 1, 2, 3 and 4 on the CFD Boundary Map and generally located at the southwest corner of Dalton Avenue and 9th Street in the City of Azusa.

“Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Developed Property.

“Public Agency” means the federal government, State of California, City, County, or other public agency.

“Residential Property” means, in any Fiscal Year, all Parcels of Developed Property in CFD No. 2017-1 for which a building permit was issued prior to May 1 of the preceding Fiscal Year for construction of a structure consisting of one or more Dwelling Units.

“SFA” or “Single Family Attached Residential Property” means all Assessor’s Parcels of Residential Property for which a building permit has been issued for purposes of constructing an attached single-family residential dwelling, , and designated as such by Table 1 of this Rate and Method of Apportionment of Special Tax.

“SFD” or ”Single Family Detached Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing a detached single-family residential dwelling, , and designated as such by Table 1 of this Rate and Method of Apportionment of Special Tax.

“Special Tax Requirement” means the amount of revenue needed in any Fiscal Year to pay for the following: (i) Authorized Services, (ii) Administrative Expenses, and (iii) amounts needed to cure any delinquencies in the payment of Special Taxes which have occurred or (based on delinquency rates in prior years) may be expected to occur in the Fiscal Year in which the tax will be collected as determined by the CFD Administrator.

“Special Tax” means any tax levied within the CFD to pay for Authorized Services.

“Taxable Property” means all Assessor’s Parcels within the boundaries of CFD No. 2017-1 which are not exempt from the Special Tax pursuant to law or Section E below.

“Townhomes” means each residential Dwelling Unit of Residential Property located within Project Area A.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2017-1 shall be classified by the CFD Administrator as Developed Property or Undeveloped Property. The CFD Administrator shall further classify all Assessor's Parcels of Developed Property as either Residential Property or Non-Residential Property and shall then assign all Assessor's Parcels of Residential Property to one of the Land Use Categories set forth in Table 1 of Section "C" below based on the type if structure or structures located on the Assessor's Parcel. The CFD Administrator shall also determine the number of Dwelling Units built or to be built on each Parcel of Residential Property by referencing the building permit, condominium plan, apartment plan, site plan or other development plan for the property.

In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) one or more of the newly-created parcels meets the definition of Developed Property, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to each parcel of Developed Property, then applying the sum of the individual Special Taxes to the original Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAX RATE

The following Maximum Special Tax rates shall apply to all Parcels of Developed Property within CFD No. 2017-1 in accordance with the amounts, as annually adjusted, for each applicable Land Use Category as set forth in Table 1:

TABLE 1

Land Use Category	Maximum Special Tax (Fiscal Year 2017-18)
1 – Single Family Detached Residential Property (SFD)	$353 per D/U
2 – Single Family Attached Residential Property (SFA)	$318 per D/U
3 – Multi Family Apartment Property (MFA)	$283 per D/U
4 – Townhomes located within Project Area "A"	$225 per D/U
5 – Non-Residential Property	N/A

On each July 1, commencing on July 1, 2018, the Maximum Special Tax applicable to Land Use Categories 1-3 shall be increased by the positive annual percentage change in the Consumer Price Index, with a maximum annual increase of five percent (5%) and a minimum annual increase of two percent (2%). On each July 1, commencing July 1, 2018, the Maximum Special Tax applicable to Land Use Category 4 shall be increased by the lesser of (i) the positive annual percentage change in the Consumer Price Index, or (ii) five percent (5%).

D. METHOD OF LEVY AND COLLECTION OF SPECIAL TAX

Each Fiscal Year, the Special Tax shall be levied Proportionately on each Parcel of Developed Property in the CFD up to 100% of the Maximum Special Tax determined pursuant to Section "C" above until the total amount levied is equal to the Special Tax Requirement for the Fiscal Year.

The Special Tax for CFD No. 2017-1 shall be collected at the same time and in the same manner as ordinary ad valorem property taxes provided, however, that the City may (under the authority of Government Code Section 53340) collect Special Taxes at a different time or in a different manner if necessary to meet CFD No. 2005-1 financial obligations.

E. EXEMPTIONS AND LIMITATIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Tax shall be levied on land that has been conveyed to a Public Agency, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and except as such property may be used for residential or commercial purposes.

No Special Tax shall be levied on Non-Residential Property However, should an Assessor's Parcel no longer be classified as Non-Residential Property, its tax-exempt status will be revoked.

F. INTERPRETATIONS OF SPECIAL TAX FORMULA

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.