

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
COMMUNITY FACILITIES DISTRICT NO. 10
CHULA VISTA ELEMENTARY SCHOOL DISTRICT**

This Rate and Method of Apportionment of Special Tax sets forth the Special Tax applicable to each Assessor's Parcel within Community Facilities District No. 10 (the "CFD") of the Chula Vista Elementary School District ("School District") to be apportioned, levied and collected according to the Special Tax liability determined by the Board of Education of the School District, acting as the Legislative Body of the CFD. The applicable Annual Maximum Special Tax shall be determined pursuant to the application of the appropriate amount or rate for Developed Property, as described below. All Developed Property within the CFD, unless exempted by law or the provisions of Section V below, shall be subject to the applicable Annual Maximum Special Tax levied and collected to the extent and in the manner hereinafter provided in each Fiscal Year.

I. DEFINITIONS:

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

"Administrative Expense" means any cost incurred by the School District on behalf of the CFD related to the determination of the amount of the annual levy of the Special Tax, the collection of the Special Tax, the administration of the Bonds of the CFD, and the other costs incurred in order to carry out the authorized purposes of the CFD.

"Age-Restricted Unit" means a residential dwelling unit restricted for the use consistent with the provisions of Section 65995.1 of the Government Code or subsequent successor statutory provisions.

"Annual Maximum Special Tax" means the maximum Special Tax that may be levied in each Fiscal Year pursuant to Sections III. on each Assessor's Parcel classified as Developed Property for a period not to exceed 25 years from the beginning of the Initial Fiscal Year.

"Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay for: i) the debt service on all outstanding Bonds, ii) a sinking fund for the acquisition, construction, equipment and finance costs of future Facilities, iii) Administrative Expense, iv) any amount required to establish or replenish any reserve funds established in connection with the Bonds, and v) any other payments permitted by law.

"Apartment Unit" means an apartment unit available for rental, and not purchase, by the general public and not subject to a condominium map.

"Assessor's Parcel" means a parcel of land as designated on a map of the San Diego County Assessor and which has been assigned a discrete identifying parcel number.

"Board" means the Board of Education of the Chula Vista Elementary School District.

"Bonds" means the bonds or other debt obligations (as defined in Section 53317(d) of the Act), including, but not limited to certificates of participation or leases, of the CFD issued and sold to finance the Facilities.

"CFD" means Community Facilities District No. 10 of the School District.

"Commercial/Industrial Property" means property zoned for commercial/industrial use or any other uses, other than uses associated with a Single Family Detached Unit, Multi-Family Unit, Apartment Unit, or an Age-Restricted Unit.

"Cost Index" means the applicable building cost index for the City of Los Angeles as set forth in the Engineering News Record, McGraw-Hill Construction Weekly, or if not available, the School District shall determine a suitable replacement.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit was issued to permit the construction of a Single Family Detached Unit(s), Multi-Family Unit(s), Apartment Unit(s), or Age-Restricted Unit(s) on or before June 30 of the next Fiscal Year.

“Facilities” means the prioritized school facilities designated in the CFD Special Tax Report approved by the Board.

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

“House Square Footage” means the livable area of improvement of a residential dwelling unit as shown on the most recent building permit issued for such dwelling unit.

“Initial Fiscal Year” applies only to Developed Property and means the first Fiscal Year in which the Annual Maximum Special Tax will be apportioned and levied on an Assessor's Parcel of Developed Property.

“Land Use Category” means the classification of a Single Family Detached Unit, Multi-Family Unit, Apartment Unit, or Age-Restricted Unit based on its applicable House Square Footage.

“Multi-Family Unit” means more than one for-sale residential dwelling unit on a fee simple lot, a condominium unit, townhome unit, or duplex unit.

“Single-Family Detached Unit” means a single for-sale residential dwelling unit on a fee simple lot.

“Special Tax” means the amount of special taxes to be levied on Developed Property and Undeveloped Property in any Fiscal Year, as determined pursuant to Section III below.

“Taxable Property” means all Assessor’s Parcels within the CFD which are not exempt from the levy of Special Tax pursuant to Section V below.

II. ASSIGNMENT TO LAND USE CATEGORIES:

On July 1 of each Fiscal Year, beginning on July 1, 1998, each Assessor’s Parcel shall be categorized as Developed Property or Undeveloped Property. Developed Property shall be assigned to a Land Use Category based on its land use designation as provided for in Table 1 below:

**TABLE 1
SPECIAL TAX FOR FY 1997/98**

<u>Land Use Category</u>	<u>Land Use Designation</u>	<u>Special Tax Per Square Foot *</u>
1	Single-Family Dwelling Unit	\$0.273
2	Multi-Family Dwelling Unit	\$0.245
3	Apartment	\$0.164
4	Age-Restricted Dwelling Unit	\$0.045
5	Commercial/Industrial Development	\$0.045

(*) *House Square Footage for Land Use Categories 1-4; Gross Square Footage of building for Land Use Category 5.*

III. ANNUAL MAXIMUM SPECIAL TAX:

The Annual Maximum Special Tax for any Assessor's Parcel classified as Developed Property shall be determined by reference to Table 1, attached, for the 1997/98 Fiscal Year, and the following paragraphs:

In determining the Annual Maximum Special Tax applicable to an Assessor's Parcel of Developed Property for the 1998/99 Fiscal Year, and each Fiscal Year thereafter, the Annual Maximum Special Tax for each Land Use Category shall be increased by the greater of: i) the annual percentage change in the Cost Index determined every May 31 for the prior twelve (12) month period, commencing on May 31, 1998, or ii) two (2) percent per Fiscal Year.

In each Fiscal Year following the Initial Fiscal Year for an Assessor's Parcel of Developed Property, the Annual Maximum Special Tax applicable to that parcel shall be determined by increasing the prior year Annual Maximum Special Tax by two (2) percent.

IV. EXEMPTIONS:

The Board shall not levy a Special Tax on: i) Assessor's Parcels owned by the State of California, federal or other local governments, except as otherwise provided in Sections 53317.3, 53317.5 and 53340.1 of the Act, and ii) Assessor's Parcels for which the Annual Maximum Special Tax has been fully discharged, as determined pursuant to Section VII.

V. PREPAYMENT OF THE ANNUAL MAXIMUM SPECIAL TAX:

Any owner of property or land within the CFD may discharge the Annual Maximum Special Tax obligation applicable to such property in full or in part as provided for in Section A below, or in full as provided for in Section B below, by making cash payment as follows:

- A. At the time of issuance of a building permit for a Single Family Detached Unit, Multi-Family Unit, Apartment Unit, Age-Restricted Unit Commercial/Industrial Property, the owner may discharge the Annual Maximum Special Tax in full by making a cash payment to the CFD determined by reference to Table 2, attached, and the following paragraphs:

In determining the prepayment amount applicable for the 1998/99 Fiscal Year, and each Fiscal Year thereafter, the prepayment amount shall increase by the greater of: i) the annual percentage change in the Cost Index determined every May 31 for the prior twelve (12) month period, commencing on May 31, 1998, or ii) two (2) percent per Fiscal Year.

At the time of issuance of a building permit, the owner may alternatively discharge the Annual Maximum Special Tax in part by making a partial cash payment to the CFD which shall be determined by multiplying the applicable amount in Table 2 (as adjusted) by the owner's desired prepayment percentage. The Annual Maximum Special Tax applicable to an Assessor's Parcel utilizing a prepayment percentage less than 100% shall be reduced in the Fiscal Year following the date of prepayment, and for each Fiscal Year thereafter, by multiplying the Assessor's Parcel's Annual Maximum Special Tax by the prepayment percentage actually used or applied. The Assessor's Parcel's revised Annual Maximum Special Tax described in this paragraph shall be used in calculations related to Section III.

- B. After a building permit has been issued the owner may discharge the Annual Maximum Special Tax obligation in full, at any time, by making the payment as follows:

Compute the present value of the Annual Maximum Special Tax applicable to Developed Property using a 7% coupon rate and a period equal to the lesser of the remaining term for which the Annual Maximum Special Tax may be levied on such Developed Property: plus. unpaid Special Taxes, interest and penalties, if any, which have been entered on the assessor's tax roll.

**TABLE 2
PREPAYMENT AT BUILDING PERMIT ISSUE FOR FY 1997/98**

<u>Land Use Category</u>	<u>Land Use Designation</u>	<u>Special Tax Per Square Foot *</u>
1	Single-Family Dwelling Unit	\$2.559
2	Multi-Family Dwelling Unit	\$2.303
3	Apartment	\$1.535
4	Age-Restricted Dwelling Unit	\$0.427
5	Commercial/Industrial Development	\$0.427

(*) House Square Footage for Land Use Categories 1-4; Gross Square Footage of building for Land Use Category 5.

VI. MANNER OF COLLECTION:

The Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, the Board may provide for other means of collecting the Special Taxes including direct billing. The Special Tax shall be subject to the same penalties and same procedure, sale and lien priority in case of delinquency as is provided for with ad valorem taxes.

VII. TERMINATION OF SPECIAL TAX LEVY:

Provided that Special Taxes previously levied on an Assessor's Parcel are not delinquent, the lien of Special Taxes of the CFD shall terminate as to such Assessor's Parcel as follows: i) the close of the 25th Fiscal Year following the beginning of the Initial Fiscal Year for such Assessor's Parcel, or ii) the Special Tax obligation has been fully and completely discharged pursuant to Section VI. The Board shall cause to be recorded in the official records of San Diego County a Notice of Cessation of Special Tax for each Assessor's Parcel upon termination of the lien on such Assessor's Parcel.

VIII. APPEALS AND INTERPRETATION PROCEDURE

Any property owner or resident who feels that the amount or formula of the Special Tax is in error may file a notice with the Agency appealing the levy of the Special Tax. An appeal panel of 3 members, as appointed by the School District, will then meet with the applicant. If the findings of the Appeals Board verify that the Special Tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the Special Tax levy shall be corrected, and if applicable in any case, a refund shall be granted.

Interpretations may be made the School District by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, rate or definition applicable to these proceedings.

IX. BOND AUTHORIZATION

The maximum amount of bonds authorized to be issued by this CFD is \$250,000,000.