

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES OF  
REDLANDS UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2021-1**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels in Redlands Unified School District Community Facilities District No. 2021-1, each Fiscal Year commencing in Fiscal Year 2021/2022, in an amount determined by the Board of Education of the Redlands Unified School District, or its trustees, acting as the legislative body of Community Facilities District No. 2021-1 through the application of the Rate and Method of Apportionment of Special Taxes described below. All of the real property within Community Facilities District No. 2021-1, unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**SECTION I  
DEFINITIONS**

For purposes of this Rate and Method of Apportionment, the terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any reasonably necessary or appropriate expenses incurred in the administration of the District and the Bonds, including (a) the administrative and legal costs of levying and collecting the Special Taxes (including costs incurred in connection with any appeals relating thereto and litigation expenses incurred in connection with the collection of such Special Taxes), (b) the fees, costs and indemnifications due the Trustee, (c) the costs incurred with on-going disclosure in connection with the Bonds, (d) the costs incurred in connection with the disclosure of the Special Taxes to property owners and potential purchasers of property, (e) the amounts required to calculate and pay arbitrage rebate payments to the federal government, and (f) an allocable share of the salaries of the School District staff providing services on behalf of the District directly related to the foregoing and an allocable share of the School District general administrative overhead related thereto.

"Administrator" means an official of the School District or designee thereof, responsible for determining the levy and collection of the Special Taxes.

"Annual Special Tax" means the Special Tax levied in any Fiscal Year on any Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property that (i) is a Lot in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied and (ii) have not been issued a Building Permit prior to the May 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the District.

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

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Board" means the Governing Board (Board of Education) of the School District, or its trustees, acting as the legislative body of the District.

"Bond Index" means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and/or Standard & Poor's A+, as determined by the Board.

"Bond Yield" means the yield of the last series of Bonds issued, which for purposes of this calculation shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

"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 the Special Taxes have been pledged for repayment.

"Building Permit" means a permit for the construction of residential square footage issued by the appropriate public agency.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the Building Permit(s) for such Unit.

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

"Commercial/Industrial Property" means all Assessor's Parcels that are improved with, or consisting of, a building that is intended for commercial, retail, or industrial use, including hotels and motels, that is not a single-family residential real property or a multifamily residential real property.

"County" means the County of San Bernardino, California.

"Developed Property" means all Assessor's Parcels of Taxable Property that (i) are a Lot in a Final Map that was recorded prior to January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied and (ii) have been issued a Building Permit prior to May 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied.

"District" means Redlands Unified School District Community Facilities District No. 2021-1.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section VIII hereof.

"Final Map" means a final tract map, parcel map, lot line adjustment, condominium plan, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the County Recorder.

"Fiscal Year" means the period commencing on July 1<sup>st</sup> of any year and ending on the following June 30<sup>th</sup>.

"Index" means the RS Means Construction Cost Index or if the RS Means Construction Cost Index ceases to be used by the State Allocation Board, a reasonably comparable index used by the State Allocation Board to estimate changes in school construction costs.

"Inflator" means the greater of (i) 2.00% or (ii) the positive percentage change in the Index as measured between the Index published in December of the prior Calendar Year and the Index published in December of the Calendar Year immediately preceding the prior Calendar Year.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit has been or could be issued.

"Maximum Annual Special Tax" means for each Fiscal Year and each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section III, which can be levied by the District in such Fiscal Year on such Assessor's Parcel.

"Prepayment Administrative Fees" means any fees or expenses of the School District or the District associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

"Prepayment Amount" means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel as described in Section V hereof.

"Present Value of Taxes" means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Annual Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Administrator, until termination pursuant to Section VII (i.e. 35 Fiscal Years or less). The discount rate used for this calculation shall be equal to (a) the Bond Yield after Bond issuance or (b) the most recently published Bond Index prior to Bond issuance.

"Reserve Fund Credit" means an amount equal to the lesser of (i) the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount or (ii) ten percent (10%) of the amount of Bonds which will be redeemed. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve requirement is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit was issued for the construction of one or more Units, other than Senior Citizen Property.

"School District" means the Redlands Unified School District, a public school district organized and operating pursuant to the Constitution and laws of the State of California.

"Senior Citizen Property" means all Assessor's Parcels that are improved with, or consisting of a Unit designated as senior housing, part of a residential care facility for the elderly, or part of a multilevel care facility for the elderly as referred to in California Government Code Section 65995.1. For the purpose hereof it shall be sufficient to designate an Assessor's Parcel as a Senior Citizen Property if Senior Citizen

Restrictions have been affected with respect to such Assessor's Parcel.

"Senior Citizen Restriction" means (i) a restriction limiting the use of Units to senior citizen housing under a specific plan, a final map or other government entitlements, or a declaration of covenants, conditions and restrictions or any similar recorded instrument or (ii) licensing from appropriate agencies received for residential care facilities for the elderly or multilevel care facilities as those terms are defined in Health and Safety Code Section 1569.23 and Government Code Section 15432(d)(8), respectively.

"Special Tax" means any of the special taxes authorized to be levied by the District pursuant to the Act and this Rate and Method of Apportionment.

"Special Tax Requirement" means the amount required in any Fiscal Year to pay (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of school facilities and certain costs associated with the maintenance of school facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property, as set forth in Step Two of Section IV, less (vi) any amount(s) available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, trust agreement, or equivalent agreement or document. In arriving at the Special Tax Requirement the Administrator shall take into account the reasonably anticipated delinquent Special Taxes, provided that the amount included cannot cause the Annual Special Tax for an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Approved Property or Developed Property.

"Unit" means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotel and motels.

## **SECTION II CLASSIFICATION OF ASSESSOR'S PARCELS**

Each Fiscal Year, commencing with Fiscal Year 2021/2022, all Assessor's Parcels within the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property, Approved Property or Undeveloped Property. Each Assessor's Parcel of Developed Property shall be further classified as "Newly Developed Property" if it is the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property or "Existing Developed Property" in each Fiscal Year subsequent to the initial Fiscal Year in which such Assessor's Parcel is first classified as Developed Property.

**SECTION III  
MAXIMUM ANNUAL SPECIAL TAX RATES**

**1. Maximum Annual Special Tax for Newly Developed Property**

The Maximum Annual Special Tax applicable to an Assessor's Parcel in the first Fiscal Year in which such Assessor's Parcel is classified as Developed Property shall be **\$0.56623 per square foot of BSF in Fiscal Year 2021/2022** (as escalated by the Inflator on each July 1, commencing on July 1, 2022).

**2. Maximum Annual Special Tax for Existing Developed Property**

Each July 1, commencing the July 1 immediately following the Fiscal Year in which an Assessor's Parcel was first classified as Developed Property, the Maximum Annual Special Tax applicable to such Assessor's Parcel shall be the amount levied pursuant to Section III(1) herein, as increased annually by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**3. Maximum Annual Special Tax for Approved Property**

The Maximum Annual Special Tax applicable to an Assessor's Parcel of Approved Property shall be **\$1,900 per Lot in Fiscal Year 2021/2022**.

On each July 1, commencing on July 1, 2022, the Maximum Annual Special Tax of the District applicable to Approved Property shall increase by the Inflator.

**4. Maximum Annual Special Tax for Undeveloped Property**

The Maximum Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property shall be **\$0.00**.

**SECTION IV  
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2021/2022 and for each subsequent Fiscal Year, the Board shall levy Special Taxes on all Taxable Property in accordance with the following steps:

- Step One: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Maximum Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property up to 100% of the Maximum Annual Special Tax applicable to Approved Property as needed to satisfy the Special Tax Requirement.

**SECTION V  
PREPAYMENT OF SPECIAL TAXES**

**1. Special Tax Prepayment Times and Conditions**

The Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount.

**2. Special Tax Prepayment Calculation**

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

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P =	Prepayment Amount
PVT =	Present Value of Taxes
RFC =	Reserve Fund Credit
PAF =	Prepayment Administrative Fees

**3. Special Tax Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property, after such prepayment net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year.

**SECTION VI  
ANNUAL SPECIAL TAX REMAINDER**

In any Fiscal Year which the Annual Special Taxes collected from Developed Property exceeds the amount needed to make regularly scheduled annual interest and principal payments on outstanding Bonds and pay Administrative Expenses, the School District may use such amount for acquisition, construction or financing of school facilities and certain costs associated with the maintenance of school facilities in accordance with the Act, District proceedings and other applicable laws as determined by the Board.

## **SECTION VII TERMINATION OF SPECIAL TAX**

In no event shall the Annual Special Tax be levied later than Fiscal Year 2071/2072. However, after an Assessor's Parcel has paid the Annual Special Tax as Developed Property for a period of thirty-five (35) Fiscal Years the Annual Special Tax shall cease to be levied on that Assessor's Parcel.

The Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the District have been acquired and all reimbursements have been paid, and (iii) all other obligations of the District have been satisfied.

## **SECTION VIII EXEMPTIONS**

The Administrator shall classify as Exempt Property Assessor Parcels that are (i) Senior Citizen Property, (ii) Commercial/Industrial Property, (iii) owned by the State of California, federal or other local governments, (iv) used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (v) owned by a homeowners' association, or (vi) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

## **SECTION IX 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 Administrator to be received by the Administrator not later than thirty-six (36) months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a Building Permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. The Administrator 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 Administrator's decision is in favor of the property owner, the Administrator shall take any of the following actions, in order of priority, to correct the error: (i) amend the Special Tax levy on the property owner's Assessor's Parcel(s) for the current fiscal year prior to the payment date; (ii) require the District to reimburse the property owner for the amount of the overpayment to the extent of available funds, or (iii) grant a credit against, eliminate or reduce the future Special Taxes on the property owner's Assessor's Parcel(s) in the amount of the overpayment.

**SECTION X**  
**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 and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.