



AGENDA REPORT

Agenda Item 7

Reviewed:

City Manager W. J. JCP

Finance Director N/A

MEETING DATE: MARCH 7, 2018

TO: JEFFREY C. PARKER, CITY MANAGER

FROM: ECONOMIC DEVELOPMENT DEPARTMENT/FINANCE DEPARTMENT

SUBJECT: APPROVE CREATION OF COMMUNITY FACILITIES DISTRICT 18-01

SUMMARY:

Establish Community Facilities District (CFD) 18-01 for services at Tustin Legacy by approving the associated documents.

RECOMMENDATIONS:

It is recommended that the City Council take the following actions:

- 1) Accept and ratify the Petition to Create a Community Facilities District requested by the landowner (City) signed by the City Manager as the authorized agent of the City; and
- 2) Adopt Resolution No. 18-15, a resolution designating Improvement Area No. 1 of Community Facilities District 18-01 and authorizing the levy of a special tax within said Improvement Area.

FISCAL IMPACT:

A fiscal impact estimate will be provided at the time of the public hearing adopting CFD 18-01.

CORRELATION TO THE STRATEGIC PLAN:

This action correlates to the City's Strategic Plan for Economic and Neighborhood Development (Goal A) and Financial Strength (Goal C).

BACKGROUND:

To date, five (5) CFDs have been formed at Tustin Legacy to help bridge the gap between the 3% of the basic levy (1.0%) of property tax revenue received at Tustin Legacy

compared to 10.5% City-wide. Most of these CFDs include both a Tax A for facilities and a Tax B for services. A breakdown is below:

- CFD 04-01 (Tustin Field I and II)
 - o Tax A and B
- CFD 06-01 (Villages of Columbus)
 - o Tax A and B
- CFD 07-01 (The District)
 - o Tax A and B
- CFD 13-01 (The Village at Tustin Legacy, Amalfi, Anton Legacy, FLIGHT at Tustin Legacy, TUSD Middle/High School)
 - o Tax B only
- CFD 14-01 (Greenwood)
 - o Tax A and B

The City Council authorized formation of CFD 13-01 in 2013 for services (not facilities) such as police and fire; maintenance of parks, streets, sidewalks and drainage facilities; and other general City services associated with the development and maintenance of the undeveloped portions of Tustin Legacy.

Since 2013, the plan for Tustin Legacy has evolved to include a variety of land uses not previously considered under CFD 13-01 (e.g., hotels and separate commercial uses). Forming CFD 18-01 will fund the same services as described in CFD 13-01 with updated base rates. The Rate and Method of Apportionment (RMA) for CFD 18-01 Improvement Area No. 1 is included as part of Attachment 2.

By forming CFD 18-01, any undeveloped property in the boundaries of CFD 13-01 will be de-annexed. The only properties subject to CFD 13-01 moving forward will be:

- The Village at Tustin Legacy
- Amalfi Apartment Homes
- Anton Legacy
- FLIGHT at Tustin Legacy
- TUSD Middle/High School

Improvement Areas

Staff is proposing for CFD 18-01 to be broken up into "Improvement Areas." A map of the proposed CFD 18-01 boundaries is shown on Attachments 1 and 2; however, the majority of the property is identified as "Future Annexation Parcels." Staff is recommending that as projects are proposed, each be analyzed for their impact to City services. This approach intends to ensure that each "Improvement Area" meet the required funding levels for the required services.

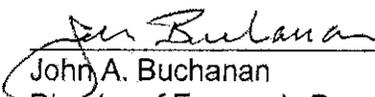
Improvement Area No. 1 (shown on Attachments 1 and 2) is proposed to be for the Levity at Tustin Legacy ("Lot 19"/Disposition Package 6B) project that the Council approved on February 6, 2018. This property has not yet been conveyed, but the DA and DDA required the developer to acknowledge that a CFD would be in place prior to conveyance.

The "Future Annexation Parcels" area is not being liened at this time. Future Improvement Area annexations will be brought back to the Council with their own RMA, but will not need to go through the public hearing process.

NEXT STEPS:

A public hearing on CFD 18-01 is planned for April 17. At that time, staff will recommend that the Council take several actions to finalize the formation of CFD 18-01.

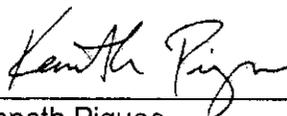
Staff is available for any questions the Council may have.



John A. Buchanan
Director of Economic Development/Finance



Sean Tran
Deputy Director of Finance – Administrative
Services



Kenneth Piguee
Management Analyst
Economic Development

Attachments:

- Petition to Create Community Facilities District
- Resolution No 18-15

ATTACHMENT A

PETITION TO CREATE COMMUNITY FACILITIES DISTRICT

**PETITION TO CREATE
COMMUNITY FACILITIES DISTRICT**

Honorable Council Members
City of Tustin
300 Centennial Way
Tustin, CA 92780

Members of the City Council:

This is a Petition to create a community facilities district, and a waiver with respect to certain procedural measures, under the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the "Act"). The undersigned Landowner hereby states as follows:

1. Landowner. This Petition is submitted by Jeffrey C. Parker, City Manager of the City of Tustin, a municipal corporation ("City Manager"), as the authorized agent of the City of Tustin ("Landowner") which owns of all of the parcels of land identified by the assessor's parcel numbers set forth in Exhibit A attached hereto and made a part hereof (the "Land"). By submitting this Petition, the Landowner warrants to the City Council (the "Council") of the City that the Landowner is the owner of the fee interest in the Land, that no other person or entity is the legal owner of any portion of the fee interest in any of such property, and that the Landowner has the power and authority to execute and deliver this Petition.

2. Proceedings Requested. The Landowner hereby requests that the Council institute proceedings pursuant to the Act to establish a community facilities district over the Land to be designated as "City of Tustin Community Facilities District No. 2018-01 (Public Services) (the "Community Facilities District"), to designate one (1) improvement area within the Community Facilities District ("Improvement Area No. 1") as shown on the proposed Boundary Map (the "Boundary Map") attached as Exhibit B, and to authorize the levy of special taxes on property within Improvement Area No. 1 in the Community Facilities District (the "Special Taxes").

3. Boundaries of Community Facilities District. The Landowner hereby requests that territory within the boundaries of Improvement Area No. 1 include all of the Land as shown on the Boundary Map for the Community Facilities District attached as Exhibit B hereto.

4. Purpose of Community Facilities District. The Landowner hereby requests that the Community Facilities District be created, Improvement Area No. 1 designated, the Special Taxes authorized to be levied and authorized to finance the public services generally described in Exhibit C attached hereto and made a part hereof.

5. Waiver. To expedite the completion of the proceedings for the Community Facilities District, the Landowner, as the owner of 100% of the Land in Improvement Area No. 1 of the proposed Community Facilities District, hereby waives all notice of hearings (other than published notices required by the Act), all notices of election, all applicable waiting periods under the Act for the election, all ballot analysis and arguments for the elections, and all

requirements as to the specific form of the ballots to be used for the elections, whether under California Elections Code or otherwise.

The undersigned declares that the foregoing is true and correct.

Dated: March 7, 2018

By: City of Tustin
a municipal corporation,

By: Matthew S. West for JCP
Name: Jeffrey C. Parker
Title: City Manager

EXHIBIT A

**ASSESSOR PARCEL NUMBERS TO BE INCLUDED IN THE COMMUNITY
FACILITIES DISTRICT**

The territory proposed for inclusion in Improvement Area No. 1 of the Community Facilities District and owned by the Landowner is identified as the following Orange County Assessor's Parcel Numbers:

IMPROVEMENT AREA NO. 1

430-381-18

430-381-44

430-381-45

430-381-46

EXHIBIT B

BOUNDARIES OF IMPROVEMENT AREA NO. 1

**PROPOSED BOUNDARIES OF
CITY OF TUSTIN
COMMUNITY FACILITIES DISTRICT NO. 2018-01
(PUBLIC SERVICES)
COUNTY OF ORANGE
STATE OF CALIFORNIA**

**Assessor Parcels within the Future Annexation Area of City of Tustin
Community Facilities District No. 2018-01 (Public Services):**

430-271-04	430-271-89	430-371-21	430-371-56	430-381-42	430-391-46
430-271-35	430-271-90	430-371-22	30-371-57	430-381-43*	430-391-47
430-271-36	430-271-91	430-371-23	430-371-58	*portion	430-391-48
430-271-37	430-271-92	430-371-24	430-371-59	430-381-65	430-391-49
430-271-38	430-271-93	430-371-25	430-371-60	430-381-66	430-391-50
430-271-39	430-282-01	430-371-26	430-371-61	430-381-67	430-391-51
430-271-40	430-282-07	430-371-27	430-371-62	430-381-68	430-391-52
430-271-50	430-282-13	430-371-28	430-371-63	430-381-69	430-391-53
430-271-51	430-282-14	430-371-29	430-371-64	430-381-74	430-391-54
430-271-52	430-282-15	430-371-30	430-371-65	430-381-75	430-391-55
430-271-53	430-282-16	430-371-31	430-371-66	430-391-03	430-391-56
430-271-54	430-282-25	430-371-32	430-371-67	430-391-16	430-391-57
430-271-55	430-283-02	430-371-33	430-371-68	430-391-19	430-391-58
430-271-70*	430-283-04	430-371-38	430-371-73	430-391-20	430-391-59
*portion	430-283-05	430-371-39	430-371-74	430-391-21	430-391-60
430-271-71	430-283-06	430-371-40	430-371-76	430-391-22	430-391-61
430-271-72	430-283-08	430-371-41	430-371-77	430-391-23	430-391-62
430-271-77	430-283-09	430-371-42	430-381-27	430-391-24	430-391-63
430-271-78	430-283-10	430-371-43	430-381-28	430-391-25	430-391-64
430-271-79	430-283-11	430-371-44	430-381-29	430-391-26	430-391-65
430-271-80	430-283-21	430-371-45	430-381-30	430-391-27	430-391-66
430-271-81	430-283-22	430-371-46	430-381-31	430-391-28	430-391-67
430-271-82	430-283-23	430-371-47	430-381-32	430-391-29	430-391-68
430-271-83	430-283-24	430-371-48	430-381-33	430-391-30	430-391-69
430-271-84	430-284-01	430-371-50	430-381-35	430-391-32	430-391-72
430-271-85	430-284-04	430-371-51	430-381-39	430-391-42	434-021-30
430-271-86	430-371-18	430-371-52	430-381-39	430-391-43	434-061-49
430-271-87	430-371-19	430-371-54	430-381-40	430-391-44	
430-271-88	430-371-20	430-371-55	430-381-41	430-391-45	

**Assessor Parcels within Improvement Area No. 1 of City of Tustin
Community Facilities District No. 2018-01 (Public Services):**

430-381-18
430-381-44
430-381-45
430-381-48

Reference is hereby made to the Assessor maps of the County of Orange for a description of the lines and dimensions of these parcels.

Prepared by David Tausig & Associates, Inc.

(1) Filed in the office of the City Clerk of the City of Tustin this ____ day of _____, 2018.

Erica N. Rabe, City Clerk, City of Tustin

(2) I hereby certify that the within map showing the proposed boundaries of City of Tustin Community Facilities District No. 2018-01 (Public Services), County of Orange, State of California, was approved by the City Council of the City of Tustin at a regular meeting thereof, held on the ____ day of _____, 2018, by its Resolution No. _____.

Erica N. Rabe, City Clerk, City of Tustin

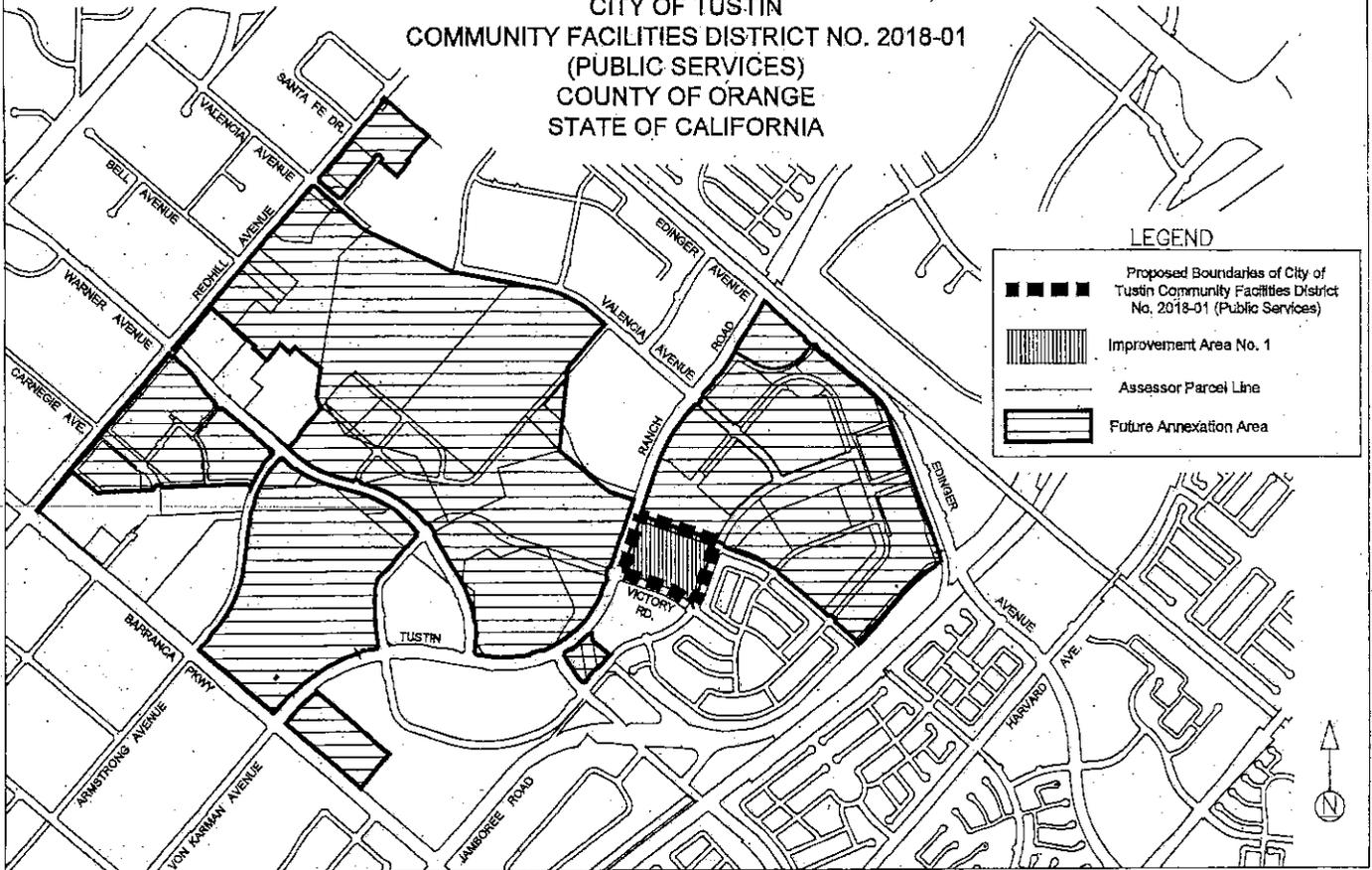
(3) Filed this ____ day of _____, 2018, at the hour of ____ o'clock ____ m, in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ and as Instrument No. _____ in the office of the County Recorder of the County of Orange, State of California.

Hugh Nguyen,
County Clerk-Recorder of County of Orange

By _____
Deputy

Fee _____
Exempt recording requested, per
CA Government Code §6103

PROPOSED BOUNDARIES OF
CITY OF TUSTIN
COMMUNITY FACILITIES DISTRICT NO. 2018-01
(PUBLIC SERVICES)
COUNTY OF ORANGE
STATE OF CALIFORNIA



LEGEND

- Proposed Boundaries of City of Tustin Community Facilities District No. 2018-01 (Public Services)
- Improvement Area No. 1
- Assessor Parcel Line
- Future Annexation Area

EXHIBIT C

DESCRIPTION OF ELIGIBLE SERVICES

It is intended that the Community Facilities District and each Improvement Area will be eligible to finance services described in Section 53313 of the Act including but not limited to police protection services; fire protection services; ambulance and paramedic services; recreation program services; maintenance of parks, parkways, and open space; flood and storm protection; and street and sidewalk maintenance.

ATTACHMENT B
RESOLUTION NO. 18-15

RESOLUTION NO. 18-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUSTIN, CALIFORNIA, OF ITS INTENTION TO FORM CITY OF TUSTIN COMMUNITY FACILITIES DISTRICT NO. 2018-01 (PUBLIC SERVICES), DESIGNATING IMPROVEMENT AREA NO. 1 OF CITY OF TUSTIN COMMUNITY FACILITIES DISTRICT NO. 2018-01 (PUBLIC SERVICES) THEREIN, AND AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN SAID IMPROVEMENT AREA

WHEREAS, the City Council of the City of Tustin ("City") has received a Petition from the City Manager on behalf of the City ("Petition") which Petition has been ratified by the City Council, requesting the institution of proceedings for the establishment of a community facilities district ("the CFD"); and

WHEREAS, City is the owner of 100% of the property within the CFD; and

WHEREAS, all conditions for taking action based on the Petition, including the receipt by the City of the deposit described in Government Code Section 53318(d), have been satisfied; and

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, *et seq.* of the California Government Code, this City Council is authorized to establish the CFD, to designate one or more improvement areas, and to act as the legislative body for the proposed CFD: and

WHEREAS, this City Council now desires to proceed with establishment of the CFD under the Act in order to levy special taxes to finance the provision of certain public services, as contemplated by the discussions to which the City has been a party; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Tustin as follows:

Section 1. This City Council proposes to conduct proceedings to establish the CFD, and to designate one (1) Improvement Area therein, pursuant to the Act.

Section 2. The name proposed for the CFD is "City of Tustin Community Facilities District No. 2018-01 (Public Services)."

Section 3. The City Council hereby finds and determines that the City Clerk of the City has similar powers and duties as the "Clerk" (as that term is defined in Section 53317(a) of the Act), and therefore, the City Clerk, or her designee (the "Clerk" herein) is hereby authorized and directed to perform all functions of the Clerk.

Section 4. The proposed boundaries of the CFD, and each improvement area therein, are as shown on the map of the CFD on file with the Clerk, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Clerk is hereby directed to record, or cause to be recorded, said map of the boundaries of the CFD in the office of the County Recorder of the County of Orange within fifteen (15) days of the date of adoption of this resolution.

Section 5. The type of public services (the "Services") proposed to be financed by the CFD pursuant to the Act shall consist of those items listed as Services on Exhibit A hereto and by this reference incorporated herein.

Section 6. It is the intention of the City Council to designate one improvement area within the CFD titled "Improvement Area No. 1" (the "Improvement Area"). The location of the Improvement Areas shall be as specified upon the map of the CFD as set forth in paragraph 4 above. From and after designation, all proceedings for elections and for purpose of levying special taxes, or for any other change pursuant to Article 3 (commencing with Section 53330), shall be conducted separately (but which may occur concurrently), for the Improvement Area.

Section 7. Except to the extent that funds are otherwise available to the CFD to pay for the Services, a special tax sufficient to pay the costs thereof, secured by recordation of the continuing lien against all nonexempt real property in the CFD, is intended to be levied annually within Improvement Area No. 1 from the 2018-2019 Fiscal Year as provided in the attached Rate and Method of Apportionment (the "RMA"), and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as this City Council or its designee shall determine, including direct billing of the affected property owners. The proposed RMA among the parcels of real property within each Improvement Area of the CFD, in sufficient detail to allow each property owner within each Improvement Area of the proposed CFD to estimate the maximum amount such property owner will have to pay, is set forth in Exhibit B for Improvement Area No. 1 attached hereto and by this reference incorporated herein. In no circumstances shall the special tax levied against any parcel used for private residential purposes (as defined in the Act), if any, be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the CFD by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

Section 8. The City Council hereby fixes the time and place when and where this City Council will conduct a public hearing on the establishment of the CFD, the designation of Improvement Area No. 1, and the designation of any parcels for future annexation, and consider and finally determine whether the public interest, convenience and necessity require formation of the CFD and the levy of special taxes therein for April 17, 2018, at 7:00 p.m. at the City Council Chambers, 300 Centennial Way, Tustin, California, as said public hearing may be continued from time to time.

Section 9. The Clerk has been directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication of said notice shall be completed at least seven (7) days before the date herein set for said hearing. Said notice shall be substantially in the form specified in Section 53322, *et seq.* of the Act. Notice shall also be mailed to each property owner pursuant to Section 53322.4.

Section 10. Pursuant to Section 53339.3 of the Act, the City hereby designates the property set forth on the Boundary Map as the "Future Annexation Parcels" as parcels to be annexed to the CFD, which parcels may be annexed to the CFD at a future date with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed. It is understood that the property designated as Future Annexation Parcels will be further subdivided in the future, and that the option to annex any newly-subdivided parcel will inure to the benefit of the owner of the newly-subdivided parcel. There is no requirement that parcels in the Future Annexation Parcels be annexed into the CFD. To the extent that an owner of a parcel within the Future Annexation Parcels does not choose to annex to Improvement Area No. 1, such owner may agree to be designated in a new improvement area, and the designation as Future Annexation Parcels shall not impact such owner's options. The types of Services provided pursuant to this Chapter to those parcels designated as Future Annexation Parcels that agree to annex to the CFD shall be the same public services provided to other parcels within the CFD. Likewise, the special tax imposed upon those parcels designated as the Future Annexation Parcels that agree to annex to any improvement area in the CFD shall be as set forth in Section 4 hereof without any alteration in the special tax rate to be levied in such improvement area of the CFD as a result of any future annexation.

Section 11. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 12. This Resolution shall take effect immediately upon its adoption.

APPROVED and ADOPTED at a meeting of the City Council of the City of Tustin on March 7, 2018.

ELWYN A. MURRAY,
Mayor

ATTEST:

ERICA N. RABE,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF TUSTIN)

I, Erica N. Rabe, City Clerk and ex-officio Clerk of the City Council of the City of Tustin, California, do hereby certify that the whole number of the members of the City Council of the City of Tustin is five; that the above and foregoing Resolution No 18-15 was duly passed and adopted at a regular meeting of the Tustin City Council, held on the 7th day of March, 2018 by the following vote:

COUNCILMEMBER AYES: _____
COUNCILMEMBER NOES: _____
COUNCILMEMBER ABSTAINED: _____
COUNCILMEMBER ABSENT: _____

ERICA N. RABE,
City Clerk

EXHIBIT A

AUTHORIZED SERVICES

It is intended that Improvement Area No. 1 will be eligible to finance any, all or any portion of the services described in Section 53313 of the Act including but not limited to police protection services; fire protection services; ambulance and paramedic services; recreation program services; maintenance of parks, parkways, and open space; flood and storm protection; and street and sidewalk maintenance (collectively, the "Services").

EXHIBIT B

**PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR IMPROVEMENT AREA NO. 1**

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1 OF
CITY OF TUSTIN
COMMUNITY FACILITIES DISTRICT NO. 2018-1
(PUBLIC SERVICES)
CITY OF TUSTIN, COUNTY OF ORANGE, STATE OF CALIFORNIA**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 1 of City of Tustin Community Facilities District No. 2018-1 (Public Services), City of Tustin, County of Orange, State of California ("CFD No. 2018-1 (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2018-19, in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property," as described below. All of the real property in CFD No. 2018-1 (IA No. 1), unless exempted by law or by the provisions hereof, shall be taxed for these purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area in acres 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 in acres shown on the applicable final map, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, 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. 2018-1 (IA No. 1): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or any designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs to the City, CFD No. 2018-1 (IA No. 1), or any designee thereof of complying with CFD No. 2018-1 (IA No. 1) or obligated persons disclosure requirements associated with the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2018-1 (IA No. 1), 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 CFD No. 2018-1 (IA No. 1) for any other administrative purposes of CFD No. 2018-1 (IA No. 1), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel number.

“Attached Residential Property” means Assessor’s Parcels of Developed Property for which Building Permits have been issued for a Dwelling Unit that shares, or will share, an inside wall with another Dwelling Unit.

“Authorized Services” means those services eligible to be funded by CFD No. 2018-1 (IA No. 1), as defined in the Resolution of Formation and authorized to be financed by CFD No. 2018-1 (IA No. 1) pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2018-1 (IA No. 1) shall finance Authorized Services only to the extent that they are in addition to those provided in the territory of CFD No. 2018-1 (IA No. 1) before the CFD was created and such Authorized Services may not supplant services already available within CFD No. 2018-1 (IA No. 1) when the CFD was created.

“Building Permit” means a permit issued by the City or other governmental agency for the construction of a residential or non-residential building on an Assessor’s Parcel.

“CFD Administrator” means an official of CFD No. 2018-1 (IA No. 1), or any designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2018-1 (IA No. 1)” means Improvement Area No. 1 or City of Tustin Community Facilities District No. 2018-1 (Public Services), City of Tustin, County of Orange, State of California.

“City” means the City of Tustin, California.

“City Council” means the City Council of the City.

“City Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2018-1 (IA No. 1) that is owned by or irrevocably offered for dedication to the City, provided however that any property leased by the City to a private entity and subject to taxation under Section 53340.1 of the Act, as such section may be amended or replaced, shall be taxed and classified in accordance with its use.

“Consumer Price Index” means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All items in Los Angeles-Riverside-Orange County, CA, all urban consumers, not seasonally adjusted” index (Series Id: CUURA421SA0), measured as of the month of December in the calendar year that 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.

“County” means the County of Orange.

“Detached Residential Property” or **“SFD”** means Assessor’s Parcels of Developed Property for which Building Permits have been issued for a Dwelling Unit that is or is expected to be surrounded by freestanding walls and that does not share an inside wall with any other Dwelling Unit.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which a Building Permit was issued after January 1, 2018 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

“Dwelling Unit” means a building or portion thereof designed for and occupied in whole or part as a residence or sleeping place, either permanently or temporarily, by one (1) family and its guests, with sanitary facilities and one (1) kitchen provided within the unit. Boarding or lodging houses, dormitories, and hotels shall not be defined as Dwelling Units unless the land use permit specifies a residential use.

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

“Flat Property” or **“Flats”** means Attached Residential Property generally characterized as having the majority of living space on a single floor which may overlap other dwelling units above or below within the same building, for which Building Permits have been issued permitting the development of 2- or 3-story flats, as determined by the CFD Administrator.

“Maximum Special Tax” means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C, below, that can be levied on any Assessor’s Parcel.

“Property Owner Association Property” means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2018-1 (IA No. 1) that is owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, not including any such property that is located directly under a residential or non-residential structure.

“Proportionately” means that the ratio of the actual annual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property.

“Rate and Method of Apportionment” or **“RMA”** means this Rate and Method of Apportionment of Special Tax.

“Resolution of Formation” means the resolution forming CFD No. 2018-1 (IA No. 1).

“Special Tax” or “Special Taxes” means the special tax or special taxes to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount to be collected in any Fiscal Year for CFD No. 2018-1 (IA No. 1) to pay for certain costs as required to meet the needs of the CFD in that Fiscal Year. The costs to be covered shall be the direct costs for (i) Authorized Services, including the establishment of reserves for future costs of Authorized Services, (ii) Administrative Expenses, and (iii) an amount to cover anticipated delinquencies for the payment of the Special Tax, based on the delinquency rate for the preceding Fiscal Year; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax Requirement include debt service payments for debt financings by CFD No. 2018-1 (IA No. 1).

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2018-1 (IA No. 1) which are not exempt from the Special Tax pursuant to law or Section E below.

“Townhome Property” or “Townhomes” means Attached Residential Property generally characterized as having a direct ground floor private entry where living space occurs on multiple levels of roughly the same proportion and having at least one vertical wall extending from ground to roof dividing it from the adjoining unit, for which Building Permits have been issued permitting the development of townhomes, as determined by the CFD Administrator.

“Undeveloped Property” means, for each Fiscal Year, all property not classified as Developed Property, Property Owner Association Property, or City Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels within CFD No. 2018-1 (IA No. 1) shall be classified by the CFD Administrator as Developed Property, Undeveloped Property, Property Owner Association Property, or City Property, and shall be subject to annual Special Taxes in accordance with this Rate and Method of Apportionment as determined by the CFD Administrator pursuant to Sections C and D below. The CFD Administrator’s allocation of property to each type of Land Use Class shall be conclusive and binding. However, only Developed Property shall be subject to annual Special Taxes in accordance with the Rate and Method of Apportionment as determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2018-19 for Developed Property is shown below in Table 1. Under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

TABLE 1

**Maximum Special Taxes for Developed Property
For Fiscal Year 2018-19
Community Facilities District No. 2018-1 (IA No. 1)**

Land Use Class	Land Use	Fiscal Year 2018-19 Maximum Special Tax
1	FLATS (\geq 2,500 SF)	\$2,416 PER DWELLING UNIT
2	FLATS (2,000 - 2,499 SF)	\$2,267 PER DWELLING UNIT
3	FLATS (1,500 - 1,999 SF)	\$1,889 PER DWELLING UNIT
4	FLATS ($<$ 1,500 SF)	\$1,809 PER DWELLING UNIT
5	SFD (\geq 2,800 SF)	\$2,717 PER DWELLING UNIT
6	SFD (2,500 - 2,799 SF)	\$2,585 PER DWELLING UNIT
7	SFD (2,200 - 2,499 SF)	\$2,240 PER DWELLING UNIT
8	SFD ($<$ 2,200 SF)	\$2,177 PER DWELLING UNIT
9	TOWNHOMES (\geq 2,125 SF)	\$1,852 PER DWELLING UNIT
10	TOWNHOMES (1,875 - 2,124 SF)	\$1,690 PER DWELLING UNIT
11	TOWNHOMES (1,625 - 1,874 SF)	\$1,617 PER DWELLING UNIT
12	TOWNHOMES ($<$ 1,625 SF)	\$1,408 PER DWELLING UNIT

b. Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel.

c. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2019, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Consumer Price Index during the twelve (12) months prior to December of the previous Fiscal Year and two percent (2.00%), not to exceed four percent (4.00%).

2. Undeveloped Property

No Special Taxes shall be levied on Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2018-19 and for each following Fiscal Year, the City Council shall levy the annual Special Tax Proportionately for each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax, until the amount of Special Taxes equals the Special Tax Requirement.

E. EXEMPTIONS

In addition to Undeveloped Property being exempt from annual Special Taxes, no Special Tax shall be levied on City Property or Property Owner Association Property in CFD No. 2018-1 (IA No. 1). However, should an Assessor's Parcel no longer be classified as City Property or Property Owner Association Property, such Assessor's Parcel shall, upon each reclassification, no longer be exempt from Special Taxes.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the City Council by filing a written notice of appeal with the clerk of the City, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CFD Administrator's determination. The CFD

Administrator may charge the appellant a reasonable fee for processing the appeal.

The City 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 or resident appeals. Any decision of the City will be final and binding as to all persons.

G. 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; provided, however, that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary or otherwise advisable to meet its financial obligations for CFD No. 2018-1 (IA No. 1), and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed to CFD No. 2018-1 from time to time. As each annexation is proposed, an analysis may be prepared to determine the annual cost for providing Authorized Services to such parcels. Based on this analysis, any parcels to be annexed, pursuant to California Government Code Section 53339 *et seq.* will be assigned the approximate Maximum Special Tax rates when annexed and included in Exhibit A.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Special Tax Requirement, unless no longer required to pay for Authorized Services as determined at the discretion of the City.

EXHIBIT A

IDENTIFICATION OF FUTURE ANNEXATIONS

**PROPOSED BOUNDARIES OF
CITY OF TUSTIN
COMMUNITY FACILITIES DISTRICT NO. 2018-01
(PUBLIC SERVICES)
COUNTY OF ORANGE
STATE OF CALIFORNIA**

Assessor Parcels within the Future Annexation Area of City of Tustin
Community Facilities District No. 2018-01 (Public Services):

430-271-04	430-271-89	430-371-21	430-371-56	430-381-42	430-391-46
430-271-35	430-271-90	430-371-22	30-371-57	430-381-43*	430-391-47
430-271-36	430-271-91	430-371-23	430-371-58	*portion	430-391-48
430-271-37	430-271-92	430-371-24	430-371-59	430-381-65	430-391-49
430-271-38	430-271-93	430-371-25	430-371-60	430-381-66	430-391-50
430-271-39	430-282-01	430-371-26	430-371-61	430-381-67	430-391-51
430-271-49	430-282-07	430-371-27	430-371-62	430-381-68	430-391-52
430-271-50	430-282-13	430-371-28	430-371-63	430-381-69	430-391-53
430-271-51	430-282-14	430-371-29	430-371-64	430-381-74	430-391-54
430-271-52	430-282-15	430-371-30	430-371-65	430-381-75	430-391-55
430-271-53	430-282-16	430-371-31	430-371-66	430-391-03	430-391-56
430-271-54	430-282-25	430-371-32	430-371-67	430-391-15	430-391-57
430-271-55	430-283-02	430-371-33	430-371-68	430-391-19	430-391-58
430-271-70*	430-283-04	430-371-38	430-371-73	430-391-20	430-391-59
*portion	430-283-05	430-371-39	430-371-74	430-391-21	430-391-60
430-271-71	430-283-06	430-371-40	430-371-76	430-391-22	430-391-61
430-271-72	430-283-08	430-371-41	430-371-77	430-391-23	430-391-62
430-271-77	430-283-09	430-371-42	430-381-27	430-391-24	430-391-63
430-271-78	430-283-10	430-371-43	430-381-28	430-391-25	430-391-64
430-271-79	430-283-11	430-371-44	430-381-29	430-391-26	430-391-65
430-271-80	430-283-21	430-371-45	430-381-30	430-391-27	430-391-66
430-271-81	430-283-22	430-371-46	430-381-31	430-391-28	430-391-67
430-271-82	430-283-23	430-371-47	430-381-32	430-391-29	430-391-68
430-271-83	430-283-24	430-371-48	430-381-33	430-391-30	430-391-69
430-271-84	430-284-01	430-371-50	430-381-35	430-391-32	430-391-72
430-271-85	430-284-04	430-371-51	430-381-38	430-391-42	434-021-30
430-271-86	430-371-18	430-371-52	430-381-39	430-391-43	434-061-49
430-271-87	430-371-19	430-371-54	430-381-40	430-391-44	
430-271-88	430-371-20	430-371-55	430-381-41	430-391-45	

Assessor Parcels within Improvement Area No. 1 of City of Tustin
Community Facilities District No. 2018-01 (Public Services):

430-381-18
430-381-44
430-381-45
430-381-46

Reference is hereby made to the Assessor maps
of the County of Orange for a description of the
lines and dimensions of these parcels.

Prepared by David Taussig & Associates, Inc.

(1) Filed in the office of the City Clerk of the City of Tustin this ____ day of _____, 2018.

Erica N. Rabe, City Clerk, City of Tustin

(2) I hereby certify that the within map showing the proposed boundaries of City of Tustin Community Facilities District No. 2018-01 (Public Services), County of Orange, State of California, was approved by the City Council of the City of Tustin at a regular meeting thereof, held on the ____ day of _____, 2018, by its Resolution No. _____.

Erica N. Rabe, City Clerk, City of Tustin

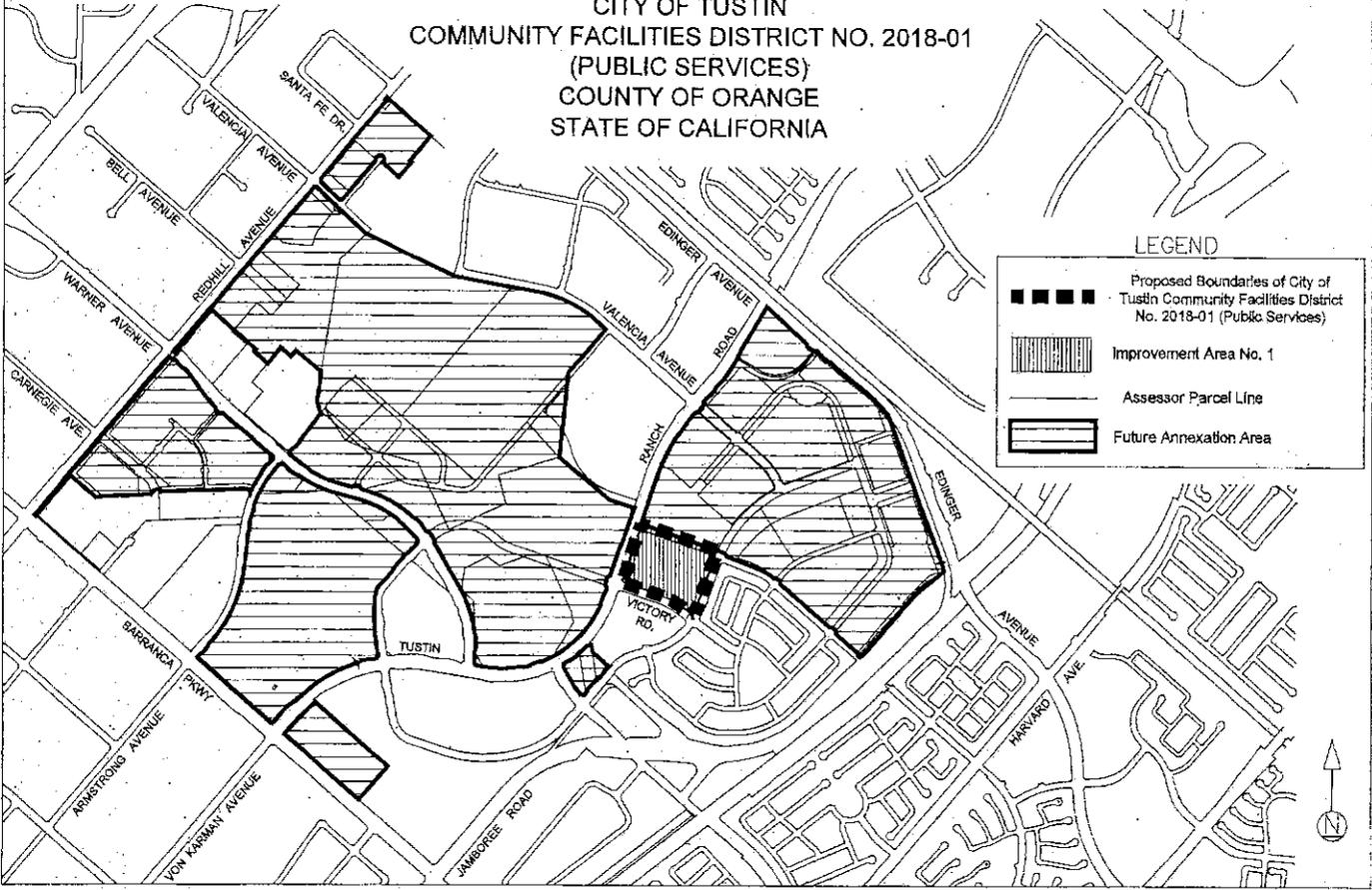
(3) Filed this ____ day of _____, 2018, at the hour of ____ o'clock ____ m, in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ and as Instrument No. _____ in the office of the County Recorder of the County of Orange, State of California.

Hugh Nguyen,
County Clerk-Recorder of County of Orange

By _____
Deputy

Fee _____
Exempt recording requested, per
CA Government Code §6103

PROPOSED BOUNDARIES OF
CITY OF TUSTIN
COMMUNITY FACILITIES DISTRICT NO. 2018-01
(PUBLIC SERVICES)
COUNTY OF ORANGE
STATE OF CALIFORNIA



LEGEND

- Proposed Boundaries of City of Tustin Community Facilities District No. 2018-01 (Public Services)
- Improvement Area No. 1
- Assessor Parcel Line
- Future Annexation Area

