

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 110M OF THE CITY OF FONTANA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

A special tax shall be levied on and collected in the Community Facilities District No. 110M of the City of Fontana, County of San Bernardino, State of California ("CFD No. 110M") each Fiscal Year, in an amount determined through the application of the rate and method of apportionment described below. The amount of the special tax to be levied on taxable property in CFD 110M in any fiscal year shall be determined by the City Council of the City of Fontana acting in its capacity as the legislative body of CFD No. 110M. All of the taxable property in CFD No. 110M, 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:

"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 parcel map.

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

"Administrative Expenses" means all ordinary and necessary costs and expenses of the City in administering CFD No. 110M, as allowed by the Act, which shall include, without limitation the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes; the costs of the City or its designee related to any appeal or legal action related to the Special Taxes; and an allocable share of the salaries of the City staff and City overhead directly related to the foregoing. Administrative Expenses shall also include amounts advanced by the City for any other administrative purposes of the CFD No. 110M, including the costs related to pursuing foreclosure of Taxable Property for delinquent Special Taxes.

"Assessor's 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 of the County of San Bernardino designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property or Undeveloped Property, as determined by reference to Table 1 of Section C below.

"City" means the City of Fontana, California.

"City Manager" means the City Manager of the City of his/her designee.

"Council" means the City Council of the City of Fontana, acting as the legislative body of CFD No. 110M.

"County" means the County of San Bernardino.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels of Taxable Property for which a final tract map, parcel map, lot line adjustment or any other similar map which subdivides such parcels into lots for which a building permit could be issued for construction of one or more residential dwelling units has been recorded with the County.

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

"Initial Assigned Special Tax" means the Assigned Special Tax for an Assessor's Parcel for the first Fiscal Year following its designation as Developed Property.

"Land Use Class" means any of the classes listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 110M in any Fiscal Year.

"Open Space Property" means for any Fiscal Year, any Assessor's Parcel, or portion of an Assessor's Parcel or on any final tract map, parcel map, lot line adjustment or any other similar map which subdivides property.

"Public Property" means any property within the boundaries of CFD No. 110M that is owned by the federal government, State of California or other governmental entity.

"Residential Property" means an Assessor's Parcel used, intended or permitted to be used as a home or dwelling place for one or more families.

"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.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 110M to: (1) pay the costs of maintenance of a project of new residential development, including street lighting, landscaping, detention basins/water quality systems, open space facilities, provide graffiti removal, park maintenance within and surrounding the area of CFD 110M, and mailboxes located within the District owned by the City with an estimated useful life of five or more years, and the costs associated with the determination of the amount, levy and collection of taxes, and costs incurred to carry out the authorized purposes of the community facilities district, (2) pay the Administrative Expenses, and (3) pay for anticipated delinquent special taxes (such delinquent special taxes shall be estimated based on the delinquency rate in CFD No. 110M for the previous Fiscal Year).

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 110M which are not exempt from the Special Tax pursuant to law or Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Assessor's Parcels of Taxable Property which are not categorized as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

For each Fiscal Year, commencing with the Fiscal Year in which the City Council determines that the levy of the Special Taxes shall commence, all Taxable Property within CFD No. 110M shall be categorized as either Developed Property or Undeveloped Property, and shall be subject to the Special Tax in accordance with the rate and method of apportionment 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 each Assessor's Parcel classified as Developed Property shall be: \$1,355 per Assessor's Parcel in Fiscal Year 2023-24. The Maximum Special Tax for Developed Property shall be subject to an annual increase of two percent (2%).

b. Initial Assigned Special Taxes

The Fiscal Year 2023-24 Initial Assigned Special Tax for Developed Property is shown below in Table 1.

2. Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property shall be: \$1,355 per proposed Assessor's Parcel in Fiscal Year 2023-24. The Maximum Special Tax for Undeveloped Property shall be subject to an annual increase of two percent (2%).

b. Initial Assigned Special Taxes

The Fiscal Year 2023-24 Initial Assigned Special Tax for Undeveloped Property is shown below in Table 1.

TABLE 1

**Initial Assigned Special Taxes for
CFD No. 110M (Fiscal Year 2023-24)**

<u>Land Use Class</u>	<u>Fiscal Year 2023-24 Assigned Special Tax</u>
Developed Property Undeveloped Property	\$968 per Assessor's Parcel \$968 per proposed Assessor's Parcel

c. Increases in Initial Assigned Special Tax

The Initial Assigned Special Tax in Table 1 shall be applicable for Fiscal Year 2023-24, and shall increase thereafter, commencing on July 1, 2024, and on each July 1 thereafter according to the actual cost of the Special Tax Requirement of CFD No. 110M. However,

in no case shall the Assigned Special Tax exceed the Maximum Special Tax for such Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2023-24 and for each following Fiscal Year, and prior to the final date on which the County Auditor will accept the levy for inclusion on the ad valorem real property tax roll for such Fiscal Year, the City Manager or designee, shall determine the Special Tax Requirement to be collected from Taxable Property in CFD No. 110M in such Fiscal Year. The Special Tax shall be levied as follows until the amount of the levy equals the Special Tax Requirement.

First: The Special Tax shall be levied in equal percentages on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax for such Assessor's Parcel;

Second: If additional funds are needed to satisfy the Special Tax Requirement after the first step has been completed, then the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Special tax for such Assessor's Parcel;

Third: If additional funds are needed to satisfy the Special Tax Requirement after the first and second steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Developed Property in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional funds are needed to satisfy the Special Tax Requirement after the first, second, and third steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel.

E. EXEMPTIONS

The City Council shall not levy a Special Tax on Public Property, except as otherwise provided in Sections 53317.3, 53317.5, and 53340.1 of the Act.

The exempt status of any property will be determined by the City Manager, or designee, and such determination shall be final.

F. MANNER OF COLLECTION

The Special Tax will 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, and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, that the City may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 110M.

G. DURATION OF SPECIAL TAX LEVIES

All Assessor's Parcels of Taxable Property shall continue to be subject to the levy and collection of the Special Tax to satisfy the Special Tax Requirement as long as the City operates and maintains the street lighting, landscaping, detention basins/water quality systems, and park maintenance within and surrounding the area of the District, and mailboxes located within the District owned by the City and for the benefit of the area of the CFD 110M.

H. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal with the City Manager, or designee, not later than one calendar year after having paid the Special Tax that is disputed. The City Manager, or designee's, 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 decide the appeal. If the City Manager's, or designee's, decision requires the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made, but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s). Any dispute over the decision of the City Manager, or designee, shall be referred to the City Council and the decision of the City Council shall be final. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition of any legal action by such owner.