

RESOLUTION NUMBER R- 296710

ADOPTED ON JUN 25 2002

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN DIEGO ESTABLISHING COMMUNITY FACILITIES
DISTRICT NO. 3 (LIBERTY STATION) AND DESIGNATING
IMPROVEMENT AREAS, AUTHORIZING THE LEVY OF
SPECIAL TAXES, AND CALLING ELECTIONS THEREIN.

WHEREAS, the City Council of City of San Diego [City Council] has heretofore adopted Resolution No. R-296472 stating its intention to form Community Facilities District No. 3 (Liberty Station) [Community Facilities District No. 3 or the District] pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California [Act], and to designate Improvement Area No. 1 and Improvement Area No. 2 [each an Improvement Area] therein; and

WHEREAS, a copy of Resolution No. R-296472 setting forth a description of the proposed boundaries of Community Facilities District No. 3 and each Improvement Area, the facilities and incidental expenses to be financed by the District [Facilities and Incidental Expenses, respectively] and the rate and method of apportionment of the special tax proposed to be levied within proposed Improvement Area Nos. 1 and 2 of the District is on file with the City Clerk, except to the extent amended by this resolution, and is incorporated herein by reference; and

WHEREAS, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of the City Council to form proposed Community Facilities District No. 3 and to levy a special tax within each Improvement Area and to incur bonded indebtedness of the District; and

WHEREAS, on June 25, 2002, this City Council opened a noticed public hearing as required by law relative to the proposed formation of Community Facilities District No. 3, the proposed designation of the Improvement Areas, the levy of special taxes therein and the issuance of bonded indebtedness by the District with respect to each proposed Improvement Area; and

WHEREAS, at the June 25, 2002 public hearing there was filed with this City Council a report containing a description of the facilities necessary to meet the needs of the District and an estimate of the cost of such facilities as required by Section 53321.5 of the Act [Facilities Report]; and

WHEREAS, at the June 25, 2002 public hearing all persons desiring to be heard on all matters pertaining to the proposed formation of Community Facilities District No. 3 and designation of the Improvement Areas and the levy of the special taxes within each proposed Improvement Area and the issuance of bonded indebtedness of the District were heard and a full and fair hearing was held; and

WHEREAS, at the public hearing, evidence was presented to the City Council on the matters before it, and the proposed formation of the District and the levy of special taxes within the District was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing is fully advised as to all matters relating to the formation of the District, the designation of the Improvement Areas, the levy of the special taxes within each proposed Improvement Area and the issuance of bonded indebtedness by the District; and

WHEREAS, the City Council has determined that there have been fewer than twelve registered voters residing in the proposed boundaries of Community Facilities District No. 3 for

the period of 90 days prior to June 25, 2002 and that the qualified electors in Community Facilities District No. 3 are the landowners within the District; and

WHEREAS, on the basis of all of the foregoing, the City Council has determined at this time to proceed with the establishment of Community Facilities District No. 3 and the designation of Improvement Area Nos. 1 and 2 therein and to call an election within each Improvement Area to authorize (i) the levy of special taxes pursuant to the applicable rate and method of apportionment of the special tax for each Improvement Area, as set forth in Attachment "C" hereto, (ii) the issuance of bonds of the District to be secured by special taxes levied within each Improvement Area to finance the Facilities and Incidental Expenses, and (iii) the establishment of an appropriations limit for the District; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego as follows:

1. Each of the above recitals is true and correct.
2. A community facilities district to be designated "Community Facilities District No. 3 (Liberty Station)" is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.
3. The boundaries of Community Facilities District No. 3 are established as shown on the map designated "Map of Proposed Boundaries of Community Facilities District No. 3 (Liberty Station)," which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County of San Diego Book of Maps of Assessment and Community Facilities Districts in the County Recorder's Office on May 9, 2002, in Book No. 36, Page No. 21, as Instrument No. 2002-0393206 [Map]. In

accordance with Section 53350 of the Act, the City Council hereby designates Improvement Area No. 1 and Improvement Area No. 2 of the District, with the boundaries of each Improvement Area being as set forth on the Map.

4. The types of Facilities and Incidental Expenses authorized to be provided for the District are those set forth in Resolution No. R-296472. The estimated cost of the Facilities and Incidental Expenses to be financed is set forth in the Facilities Report, which estimates may change as the Facilities are designed and bid for construction and acquisition.

The City is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The City Council finds that the proposed Facilities are necessary to meet the increased demand that will be placed upon public infrastructure as a result of new development within the District.

5. Except where funds are otherwise available, it is the intention of the City Council, subject to the approval of the eligible voters within each Improvement Area of the District, to levy the proposed special taxes at the applicable rates for each Improvement Area set forth in Attachment "C" hereto on all non-exempt property within the District sufficient to pay for (i) the Facilities, (ii) the principal and interest and other periodic costs on the bonds proposed to be issued by the District to finance the Facilities and Incidental Expenses, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees and other expenses of the type permitted by Section 53345.3 of the Act; and (iii) the Incidental Expenses. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, the issuance of bonds, the levying and collecting of the special tax, the completion and inspection of the Facilities and the annual administration of the bonds and the District. The rate and method of apportionment of the special

tax applicable to each Improvement Area is described in detail in Attachment "C" hereto and incorporated herein by this reference, and the City Council hereby finds that Attachment "C" contains sufficient detail to allow each landowner within each Improvement Area of the District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the Facilities Report, which is incorporated by reference herein, the special tax to be levied within each Improvement Area is based on the expected demand that each parcel of real property within Community Facilities District No. 3 will place on the Facilities and on the benefit that each parcel will derive from the right to access the Facilities and, accordingly, is hereby determined to be reasonable. The special tax shall be levied on each assessor's parcel for a period not to exceed forty years from Fiscal Year 2002-03. The special tax is apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the ownership of real property.

The Financing Services Division of the City of San Diego, 202 C Street, MS7B, San Diego, California 92101, telephone number (619) 533-4519, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

6. In the event that a portion of the property within an Improvement Area of the District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in the applicable rate and method of apportionment contained in Attachment "C" hereto, the City Council shall, on behalf of Community Facilities District No. 3, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within such Improvement Area which is not delinquent or exempt in order to yield the required debt service

payments on any outstanding bonds of the District or to prevent the District from defaulting on any other obligations or liabilities; provided, however, that in no event shall the special tax on a residential property increase as a result of a default by more than 10 percent. The amount of the special tax for each Improvement Area will be set in accordance with the rate and method of apportionment of the special tax attached as Attachment "C" hereto.

7. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the District ceases.

8. Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within the District, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock products is contiguous to other land within the District and will be benefited by the Facilities proposed to be provided within the District.

9. It is hereby further determined that there is no ad valorem property tax currently being levied on property within the District for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of the District as are proposed to be provided by the Facilities to be financed by the District.

10. Written protests against the establishment of the District have not been filed by one-half or more of the registered voters within the boundaries of the District or by the property owners of one-half or more of the area of land within the boundaries of the District. The City

Council hereby finds that the proposed special tax for each Improvement Area has not been precluded by a majority protest pursuant to Section 53324 of the Act.

11. An election is hereby called for each Improvement Area of District on the propositions of levying the special tax on the property within such Improvement Area and establishing an appropriations limit for the District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness of the District, pursuant to Section 53351 of the Act. The propositions to be placed on the ballot for each Improvement Area are attached hereto as Attachments A and B.

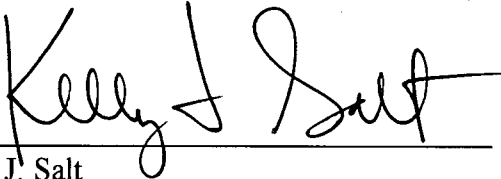
12. The date of the foregoing elections for Community Facilities District No. 3 shall be June 25, 2002, or such later date as is consented to by the City Clerk and the landowners within the District and the polls shall be open for said elections between the hours of 10:00 a.m. and 5:00 p.m. The elections shall be conducted by the City. Except as otherwise provided by the Act, the elections shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the City of San Diego insofar as such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the elections following the adoption of this resolution, and all ballots shall be received by, and the City Clerk shall close the elections by, 5:00 p.m. on the election day; provided the elections shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. It is hereby found based on information provided by the Registrar of Voters of the County of San Diego that there are fewer than twelve registered voters within the territory of Community Facilities District No. 3 and, pursuant to Section 53326 of the Act, the ballots for the special elections shall be distributed in person by the City Clerk to the authorized representatives of the landowners, or, if

determined appropriate by the City Clerk, by mail with return postage prepaid to the landowners of record within Community Facilities District No. 3 as of the close of the June 25, 2002 hearing regarding the formation of the District. Each landowner shall have one vote for each acre or portion thereof that he or she owns within Community Facilities District No. 3, as provided in Section 53326 of the Act.

The City Manager, and his written designee, are hereby authorized to cast any ballot and execute any other documents required for the elections with respect to any property within the District owned by the City.

13. The preparation of the Facilities Report is hereby ratified. The Facilities Report, as submitted, is hereby approved and made a part of the record of the public hearing regarding the formation of the District, and is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

APPROVED: CASEY GWINN, City Attorney

By 
Kelly J. Salt
Deputy City Attorney

KJS:pev
6/5/02
6/19/02 CorCopy
Or.Dept:Fin.Svcs
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ATTACHMENT "A"

SAMPLE

OFFICIAL BALLOT

COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)

SPECIAL TAX AND SPECIAL BOND ELECTION
FOR IMPROVEMENT AREA NO. 1

June 25, 2002

This ballot represents _____ votes.

To vote, stamp a cross (+) in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk and obtain another.

PROPOSITION A: Shall Community Facilities District No. 3 (Liberty Station) (the "District") incur an indebtedness and issue bonds of the District in the maximum principal amount of \$30,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. R-296472 of the City Council of the City of San Diego?

YES _____

NO _____

PROPOSITION B: Shall a special tax as provided in the resolution adopted by the City Council of the City of San Diego on June 25, 2002 establishing the District be levied within Improvement Area No. 1 of the District to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. R-296472, including the payment of the principal of and interest on bonds issued by the District to finance the Facilities and Incidental Expenses?

YES _____

NO _____

PROPOSITION C: For each year commencing with Fiscal Year 2002-03, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to \$10,000,000?

YES _____

NO _____

ATTACHMENT "B"

SAMPLE

OFFICIAL BALLOT

COMMUNITY FACILITIES DISTRICT NO. 3
(Liberty Station)

SPECIAL TAX AND SPECIAL BOND ELECTION
FOR IMPROVEMENT AREA NO. 2

June 25, 2002

This ballot represents _____ votes.

To vote, stamp a cross (+) in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk and obtain another.

PROPOSITION D: Shall Community Facilities District No. 3 (Liberty Station) (the "District") incur an indebtedness and issue bonds of the District in the maximum principal amount of \$30,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Incidental Expenses described in Resolution No. R-296472 of the City Council of the City of San Diego?

YES _____

NO _____

PROPOSITION E: Shall a special tax as provided in the resolution adopted by the City Council of the City of San Diego on June 25, 2002 establishing the District to be levied within Improvement Area No. 2 of the District to pay for the Facilities, Incidental Expenses and other purposes described in Resolution No. R-296472, including the payment of the principal of and interest on bonds issued by the District to finance the Facilities and Incidental Expenses?

YES _____

NO _____

PROPOSITION F: For each year commencing with Fiscal Year 2002-01, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to \$10,000,000?

YES _____

NO _____

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 1 OF
COMMUNITY FACILITIES DISTRICT NO. 3
(LIBERTY STATION)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 of Community Facilities District No. 3 ("IA No. 1") and collected each Fiscal Year commencing in Fiscal Year 2002-2003, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Other Taxable Property," and "Undeveloped Property" as described below. All of the real property in IA No. 1, 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

This Rate and Method of Apportionment employs terms defined below and terms defined in the Rate and Method of Apportionment for Improvement Area No. 2. When necessary, terms defined in the latter shall be distinguished from terms defined in the former by including the words "IA No. 2" prior to the defined term. 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. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3: the costs of computing the Special Taxes and IA No. 2 Special Taxes; the costs of preparing the annual Special Tax and IA No. 2 Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes and IA No. 2 Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes and IA No. 2 Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 3 or any designee thereof of complying with disclosure requirements of the City, CFD No. 3 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax and/or IA No. 2 Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes and/or IA No. 2 Special Taxes; the costs of the City, of CFD No. 3 or any designee thereof related to an appeal of the Special Tax and/or the IA No. 2 Special Tax; the costs associated with the release of funds from an escrow account; 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. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes and/or IA No. 2 Special Taxes.

"Agency" means the Redevelopment Agency of the City.

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

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax Appendix" means Attachment A to this RMA consisting of the Lot Maps and Backup Special Tax table, as it may be modified from time to time pursuant to Section C.1(c) of this RMA.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and for levying and collecting the Special Taxes.

"CFD No. 3" means Community Facilities District No. 3 of the City.

"CFD No. 3 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 under the Act.

"City" means the City of San Diego.

"City/Agency Property" means any Assessor's Parcel or other property within the boundaries of IA No. 1 that is owned by the City or the Agency, provided however that so long as any such Assessor's Parcel is conveyed through a leasehold interest to an entity other than the City or the Agency such Assessor's Parcel shall not be considered City/Agency Property, but during the duration of the leasehold interest shall be classified and taxed according to its development status and land use. In the event that an Assessor's Parcel that was conveyed in fee to an entity other than the City or the Agency includes an existing residential or non-residential building or a Planned Building, and is subsequently acquired by the City or the Agency pursuant to Section 9.10 of the Disposition and Development Agreement or otherwise, that Assessor's Parcel shall not be considered City/Agency Property, but shall remain subject to the Special Tax obligation and shall be classified and taxed according to its development status and land use.

"City Clerk" means the city clerk of the City.

"City Manager" means the city manager of the City.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 3.

"County" means the County of San Diego.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Other Taxable Property, which (i) was within a Final Map that was recorded prior to January 1 of the previous Fiscal Year, and (ii) for which a building permit for new construction was issued after March 1, 2001 but prior to March 1 of the previous Fiscal Year.

"Disposition and Development Agreement" means the Disposition and Development Agreement between the Agency and the Master Developer that was approved by the Council and Agency on June 26, 2000, as it may be modified or supplemented from time to time.

"Final Map" means (i) a final map, lot line adjustment, or parcel map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) and recorded with the County Recorder that creates individual lots for which building permits may be issued, or (ii) for condominiums, a final map, or portion thereof, approved by the City and a condominium plan recorded pursuant to California Civil Code Section 1352 that creates individual lots for which building permits may be issued. The term "Final Map" shall not include any Assessor's Parcel Map or subdivision map or portion thereof, that does not create individual lots for which a building permit may be issued, including Assessor's Parcels that are designated as remainder parcels.

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

"Floor Area" means for Residential Property, all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The amount of Floor Area shall be determined by reference to the building permit(s) issued by the City for each building.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 3 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Improvement Area No. 1" or "IA No. 1" means Improvement Area No. 1 of CFD No. 3, as identified on the boundary map for CFD No. 3.

"Improvement Area No. 2" or "IA No. 2" means Improvement Area No. 2 of CFD No. 3, as identified on the boundary map for CFD No. 3.

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

"Lot" means an individual legal lot created by a Final Map for which a building permit for residential construction has been or could be issued.

"Lot Map(s)" means the map(s) identifying the location and lot number of each Lot and proposed residential lot located within IA No. 1 included in the Backup Special Tax Appendix.

"Master Developer" means McMillin-NTC, LLC and/or any assignee(s) or successor(s) serving as the master developer of infrastructure within CFD No. 3.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means all Developed Property for which a building permit(s) was issued for a non-residential use.

"Outstanding Bonds" means all CFD No. 3 Bonds which are deemed to be outstanding under the Indenture.

"Other Public Property" means any Assessor's Parcel within the boundaries of IA No. 1 that is owned in fee or through a leasehold interest by any agency of the federal government, the State, the County, or any other public agency except the City or the Agency, provided however that any such Assessor's Parcel that includes an existing residential or non-residential building or a Planned Building shall not be considered Other Public Property, but shall be classified and taxed according to its development status and land use.

"Other Taxable Property" means Taxable City/Agency Property, Taxable Property Owner Association Property, and Taxable Other Public Property.

"Planned Building" means with respect to an Assessor's Parcel that the Precise Plan contemplates the rehabilitation or construction of a residential or non-residential building within all or a portion of such Assessor's Parcel, as determined by the CFD Administrator.

"Precise Plan" means the NTC Precise Plan dated October 3, 2000, approved by the Agency and the City, as it may be amended or superseded.

"Property Owner Association Property" means any property within the boundaries of IA No. 1 owned in fee or by easement or irrevocably offered for dedication to a property owner association, including any master or sub-association. However, notwithstanding the above, any of such property which constitutes the "pad-area" located directly under a residential or occupied non-residential building shall not be considered Property Owner Association Property.

"Proportionately" or "Proportionate" means, (i) for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property and for IA No. 2 Developed Property that the ratio of the actual IA No. 2 Special Tax levy to the IA No. 2 Assigned Special Tax is equal for all Assessor's Parcels of IA No. 2 Developed Property; (ii) for Undeveloped Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property and the ratio of the actual IA No. 2 Special Tax per Acre to the IA No. 2 Maximum Special Tax per Acre is equal for all Assessor's Parcels of IA No. 2

Undeveloped Property; and (iii) for Other Taxable Property that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Other Taxable Property and for IA No. 2 Other Taxable Property that the ratio of the actual IA No. 2 Special Tax levy per Acre to the IA No. 2 Maximum Special Tax per Acre is equal for all Assessor's Parcels of IA No. 2 Other Taxable Property. Where this RMA requires pursuant to the fourth and fifth steps in Section D.1, the second, third and fourth steps in Section D.2, and/or Section D.3, that the levy of Special Taxes and IA No. 2 Special Taxes be "Proportionate" for a category of property described in (i), (ii) or (iii) above, then the foregoing ratios shall be equal as between IA No.1 and IA No. 2 for such category.

"Purchase and Finance Agreement" means the Purchase and Finance Agreement for CFD No. 3 that was approved by the Council on May 7, 2002, as it may be modified or supplemented from time to time.

"Residential Property" means all Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"RMA" means Rate and Method of Apportionment.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Other Taxable Property, and Undeveloped Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year to: (i) pay debt service due in the calendar year which commences in such Fiscal year on all Outstanding Bonds; (ii) pay periodic costs on the CFD No. 3 Bonds, including but not limited to, credit enhancement and rebate payments on the CFD No. 3 Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) accumulate funds to pay directly for acquisition or construction of facilities identified on Exhibit A to the Purchase and Finance Agreement to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property or the IA No. 2 Special Tax levy on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes and IA No. 2 Special Taxes based on the delinquency rate for Special Taxes and IA No. 2 Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy and IA No. 2 Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture. The Special Tax Requirement represents the total amount to be levied in any Fiscal Year within IA No. 1 and IA No. 2.

"State" means the State of California.

"Taxable City/Agency Property" means all Assessor's Parcels of City/Agency Property that are not exempt pursuant to Section E below.

"Taxable Other Public Property" means all Assessor's Parcels of Other Public Property that are not exempt pursuant to Section E below.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 1 which (i) have been conveyed in fee ownership or leasehold interest from the City and/or the Agency to an entity other than the City or the Agency, or that were so conveyed in fee ownership by the City and/or the Agency and were subsequently reacquired by the City and/or the Agency, and (ii) are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

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

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within IA No. 1 shall be classified as Developed Property, Other Taxable Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Class 1. Non-Residential Property shall be assigned to Land Use Class 2. Each Assessor's Parcel classified as Developed Property shall be further classified as one of the Lots depicted in the Lot Map included in the Backup Special Tax Appendix attached as Attachment A, as it may be modified from time to time strictly in conformance with Section C.1(c) 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 the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1

**Assigned Special Taxes for Developed Property
Improvement Area No. 1**

Land Use Class	Land Use	Assigned Special Tax
1	Residential Property	\$792.63 per dwelling unit plus \$1.2385 per square foot of Floor Area
2	Non-Residential Property	\$54,485 per Acre

c. Backup Special Tax

The Backup Special Tax for an Assessor's Parcel of Developed Property shall be the amount set forth in the Backup Special Tax table included in the Backup Special Tax Appendix for the corresponding Lot, as such Backup Special Tax Appendix is amended from time to time.

Prior to the issuance of CFD No. 3 Bonds, the Backup Special Tax Appendix shall be modified by the CFD Administrator upon the written request of the Master Developer in order to (i) conform the Lot Maps to the Lots designated in the most current Final Maps approved within IA No. 1 and (ii) the amounts in the Backup Special Tax table to the most current building product plans for those Lots. Upon receipt of the Master Developer's written request, the CFD Administrator shall assign a Backup Special Tax to each Lot in an amount equal to the Assigned Special Tax for each Lot based upon the most current building product plan for the Lot.

The Master Developer shall notify the CFD Administrator in writing each time a Final Map is approved or amended for property within IA No. 1.

Subsequent to the issuance of CFD No. 3 Bonds, the Backup Special Tax Appendix shall be modified by the CFD Administrator only to reflect any changes in the Lots pursuant to Final Maps approved or amended subsequent to the issuance of CFD No. 3 Bonds and to specify the Backup Special Tax amounts for the new Lots calculated as follows:

- (i) determine the aggregate Backup Special Taxes anticipated to apply to the changed Lots prior to the approval of the new or amended Final Maps;

- (ii) divide the result of (i) by the number of new Lots; and
- (iii) the amount determined in (ii) shall be the Backup Special Tax amount for each of the new Lots reflected in the modified Backup Special Tax table.

The modified Backup Special Tax Appendix shall be attached to an Amended Notice of Special Tax Lien recorded within sixty (60) days of the CFD Administrator's receipt of the Master Developer's written request and, in the case of a modification based on Final Maps approved or amended subsequent to the issuance of CFD No. 3 Bonds, within sixty (60) days of the CFD Administrator being notified, by the Master Developer or otherwise, of the recordation of a new Final Map.

d. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. 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. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each Land Use Class as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. **Other Taxable Property and Undeveloped Property**

The Maximum Special Tax for Other Taxable Property and Undeveloped Property shall be \$54,485 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

For each Fiscal Year the Council shall determine the Special Tax Requirement and levy the Special Tax, taking into consideration the levy of the IA No. 2 Special Tax, until the amount of Special Taxes and IA No. 2 Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows. The steps indicated in Section D.1 shall be applied in each Fiscal Year prior to and including the Fiscal Year in which a second series of CFD No. 3 Bonds is sold to finance facilities identified on Exhibit A to the Purchase and Finance Agreement. The steps indicated in Section D.2 shall be applied in the first Fiscal Year after the issuance of such second series of CFD No. 3 Bonds, and each Fiscal Year thereafter. A series of CFD No. 3 Bonds that is issued solely to refund a prior series of CFD No. 3 Bonds shall not be considered a second series of CFD No. 3 Bonds for purposes of this section.

1. Prior to the Issuance of the Second Series of CFD No. 3 Bonds

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax; and the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied on each Assessor's Parcel of IA No. 2 Developed Property in an amount equal to 100% of the applicable IA No. 2 Assigned Special Tax;

Second: If additional monies 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 Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied Proportionately on each Assessor's Parcel of IA No. 2 Undeveloped Property at up to 100% of the IA No. 2 Maximum Special Tax for Undeveloped Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel; and the Council shall be notified that under the terms of the IA No. 2 RMA, the levy of the IA No. 2 Special Tax on each Assessor's Parcel of IA No. 2 Developed Property whose IA No. 2 Maximum Special Tax is determined through the application of the IA No. 2 Backup Special Tax shall be increased in equal percentages from the IA No. 2 Assigned Special Tax up to the IA No. 2 Maximum Special Tax for each such Assessor's Parcel, with the levy on Developed Property and IA No. 2 Developed Property being Proportionate;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Other Taxable Property at up to the Maximum Special Tax for Other Taxable Property; and the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied on each Assessor's Parcel of IA No. 2 Other Taxable Property at up to the IA No. 2 Maximum Special Tax for Other Taxable Property, with the levy on Other Taxable Property and IA No. 2 Other Taxable Property being Proportionate.

2. After the Issuance of the Second Series of CFD No. 3 Bonds

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax; and the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied on each Assessor's Parcel of IA No. 2 Developed Property in an amount equal to 100% of the applicable IA No. 2 Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property; and the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied on each Assessor's Parcel of IA No. 2 Undeveloped Property at up to 100% of the IA No. 2 Maximum Special Tax for Undeveloped Property, with the levy on Undeveloped Property and IA No. 2 Undeveloped Property being Proportionate;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel; and the Council shall be notified that under the terms of the IA No. 2 RMA, the levy of the IA No. 2 Special Tax on each Assessor's Parcel of IA No. 2 Developed Property whose IA No. 2 Maximum Special Tax is determined through the application of the IA No. 2 Backup Special Tax shall be increased in equal percentages from the IA No. 2 Assigned Special Tax up to the IA No. 2 Maximum Special Tax for each such Assessor's Parcel, with the levy on Developed Property and IA No. 2 Developed Property being Proportionate;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied on each Assessor's Parcel of Other Taxable Property at up to the Maximum Special Tax for Other Taxable Property; and the Council shall be notified that under the terms of the IA No. 2 RMA, the IA No. 2 Special Tax shall be levied on each Assessor's Parcel of IA No. 2 Other Taxable Property at up to the IA No. 2 Maximum Special Tax for Other Taxable Property, with the levy on Other Taxable Property and IA No. 2 Other Taxable Property being Proportionate.

3. Additional Levy Guidelines

Notwithstanding the above the Council may, in any Fiscal Year, levy Proportionately less than 100% of the Assigned Special Tax in step one of Section D.1 or D.2 (above) and the IA No. 2 Assigned Special Tax in step one of Section D.1 or D.2 (of the IA No. 2 RMA), when (i) the Council is no longer required to levy a Special Tax pursuant to step two in Section D.1 or D.2 (above) and the Council is no longer required to levy an IA No. 2 Special Tax pursuant to step two in Section D.2 of the

- IA No. 2 RMA in order to meet the Special Tax Requirement; (ii) all authorized CFD No. 3 Bonds have already been issued or the Council has covenanted that it will not issue any additional CFD No. 3 Bonds (except refunding bonds) to be supported by Special Taxes and IA No. 2 Special Taxes; and (iii) all facilities identified on Exhibit A to the Purchase and Finance Agreement have been acquired.

Further notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 3.

E. EXEMPTIONS

No Special Tax shall be levied on up to 15.54 Acres of City/Agency Property, Other Public Property, and/or Property Owner Association Property. However, the Acreage of any City/Agency Property that has never been conveyed in fee ownership or leasehold interest from the City and/or the Agency to an entity other than the City or the Agency shall not be included in the 15.54 Acres, and such property shall be considered exempt. Tax-exempt status for all other property will be assigned by the CFD Administrator in the chronological order in which property becomes City/Agency Property, Other Public Property, or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as City/Agency Property, Other Public Property, or Property Owner Association Property its tax-exempt status will be revoked.

City/Agency Property, Other Public Property, or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed as described in Section D above, at up to 100% of the applicable Maximum Special Tax for Other Taxable Property.

F. APPEALS AND INTERPRETATIONS

Any tax payer 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 make a recommendation to the City Manager or designee to eliminate or reduce the Special Tax on the appellant's property and/or to provide a refund to the appellant. The approval of the City Manager or designee must be obtained prior to any such elimination or reduction. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the City Manager or designee by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

1. Prepayment in Full

The following definition applies to this Section H:

"CFD Public Facilities" means either \$20,780,000 in 2001 dollars, which shall increase by the Construction Inflation Index on July 1, 2002, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 3 under the authorized Mello-Roos financing program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more CFD No. 3 Bonds (except refunding bonds) to be supported by Special Taxes and IA No. 2 Special Taxes.

"Construction Fund" means the account (regardless of its name) identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facility costs.

"Outstanding Bonds" means all Previously Issued Bonds which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all CFD No. 3 Bonds that have been issued prior to the date of prepayment.

Only an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued, may prepay its Special Tax obligation. The Special Tax obligation applicable to an Assessor's Parcel in CFD No. 3 may be prepaid and the obligation of the Assessor's Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor's Parcel only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. The CFD Administrator shall provide the owner with a statement of the prepayment amount for such Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made not less than 60 days prior to any redemption date for the CFD No. 3 Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the entire CFD No. 3 based on the Developed Property Special Taxes and IA No. 2 Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 3 as determined by the CFD Administrator based on the Precise Plan and other information currently available, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the total estimated Backup Special Taxes and IA No. 2 Backup Special Taxes at buildout for the entire CFD No. 3 as determined by the CFD Administrator based on the Precise Plan and other information currently available, excluding any Assessor's Parcels which have been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 3 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. The reserve fund credit ("Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 3.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 3 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of CFD No. 3 Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in full, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes and IA No. 2 Maximum Special Taxes that may be levied on Taxable Property and IA No. 2 Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Annual Special Tax; shall continue to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years commencing with Fiscal Year 2002-2003, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 3 Bonds have been paid; (ii) all facilities have been acquired and all reimbursements to the Master Developer have been paid pursuant to the Purchase and Finance Agreement; and (iii) all required Administrative Expenses have been paid.

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ATTACHMENT A
BACKUP SPECIAL TAX APPENDIX

R-296710

Backup Special Tax Table

NTC - UNIT No. 1

Lot Number	Backup Special Tax	SFD, ROW or TH	House Plan Number	House Plan Sq. Ft.
1	\$4,104.38	ROW	3	2,674
2	3,637.46	ROW	2	2,297
3	4,104.38	ROW	3	2,674
4	4,104.38	ROW	3	2,674
5	4,104.38	ROW	3	2,674
6	3,637.46	ROW	2	2,297
7	4,104.38	ROW	3	2,674
8	4,104.38	ROW	3	2,674
9	3,637.46	ROW	2	2,297
10	4,104.38	ROW	3	2,674
11	3,637.46	SFD	1	2,297
12	4,049.89	SFD	2	2,630
13	4,307.49	SFD	3	2,838
14	4,049.89	SFD	2	2,630
15	4,307.49	SFD	3	2,838
16	3,637.46	SFD	1	2,297
17	4,307.49	SFD	3	2,838
18	4,307.49	SFD	3	2,838
19	4,049.89	SFD	2	2,630
20	4,307.49	SFD	3	2,838
21	3,637.46	SFD	1	2,297
22	4,049.89	SFD	2	2,630
23	4,307.49	SFD	3	2,838
24	4,049.89	SFD	2	2,630
25	3,637.46	SFD	1	2,297
26	4,307.49	SFD	3	2,838
27	4,049.89	SFD	2	2,630
28	3,637.46	SFD	1	2,297
29	4,307.49	SFD	3	2,838
30	4,049.89	SFD	2	2,630
31	4,307.49	SFD	3	2,838
32	3,637.46	SFD	1	2,297
33	4,307.49	SFD	3	2,838
34	4,049.89	SFD	2	2,630
35	4,307.49	SFD	3	2,838
36	4,049.89	SFD	2	2,630
37	3,637.46	SFD	1	2,297
38	4,049.89	SFD	2	2,630
39	4,049.89	SFD	2	2,630
40	4,307.49	SFD	3	2,838
41	4,049.89	SFD	2	2,630
42	3,637.46	SFD	1	2,297
43	4,307.49	SFD	3	2,838
44	4,049.89	SFD	2	2,630
45	4,307.49	SFD	3	2,838
46	3,637.46	SFD	1	2,297
47	4,307.49	SFD	3	2,838
48	4,049.89	SFD	2	2,630

Backup Special Tax Table

NTC - UNIT No. 1

Lot Number	Backup Special Tax	SFD, ROW or TH	House Plan Number	House Plan Sq. Ft.
49	4,307.49	SFD	3	2,838
50	3,637.46	SFD	1	2,297
51	4,049.89	SFD	2	2,630
52	4,307.49	SFD	3	2,838
53	4,104.38	ROW	3	2,674
54	4,104.38	ROW	3	2,674
55	4,104.38	ROW	3	2,674
56	4,104.38	ROW	3	2,674
57	4,104.38	ROW	3	2,674
58	4,104.38	ROW	3	2,674
59	4,104.38	ROW	3	2,674
60	3,192.84	ROW	1	1,938
61	3,637.46	ROW	2	2,297
62	4,104.38	ROW	3	2,674
63	4,104.38	ROW	3	2,674
64	3,192.84	ROW	1	1,938
65	4,104.38	ROW	3	2,674
66	3,192.84	ROW	1	1,938
67	3,637.46	ROW	2	2,297
68	3,192.84	ROW	1	1,938
69	3,192.84	ROW	1	1,938
70	4,104.38	ROW	3	2,674
71	4,307.49	SFD	3	2,838
72	3,637.46	SFD	1	2,297
73	4,307.49	SFD	3	2,838
74	4,049.89	SFD	2	2,630
75	4,104.38	ROW	3	2,674
76	4,307.49	SFD	3	2,838
77	4,049.89	SFD	2	2,630
78	3,637.46	SFD	1	2,297
79	4,307.49	SFD	3	2,838
80	4,049.89	SFD	2	2,630
81	4,049.89	SFD	2	2,630
82	3,637.46	SFD	1	2,297
83	4,307.49	SFD	3	2,838
84	4,049.89	SFD	2	2,630
85	4,307.49	SFD	3	2,838
86	4,307.49	SFD	3	2,838
87	4,049.89	SFD	2	2,630
88	3,637.46	SFD	1	2,297
89	4,307.49	SFD	3	2,838
90	4,049.89	SFD	2	2,630
91	4,049.89	SFD	2	2,630
92	4,307.49	SFD	3	2,838
93	4,049.89	SFD	2	2,630
94	4,307.49	SFD	3	2,838
95	4,049.89	SFD	2	2,630
96	4,307.49	SFD	3	2,838

Backup Special Tax Table

NTC - UNIT No. 1

<u>Lot Number</u>	<u>Backup Special Tax</u>	<u>SFD, ROW or TH</u>	<u>House Plan Number</u>	<u>House Plan Sq. Ft.</u>
97	3,637.46	SFD	1	2,297
98	4,049.89	SFD	2	2,630
99	4,307.49	SFD	3	2,838
100	3,637.46	ROW	2	2,297
101	3,637.46	ROW	2	2,297
102	4,104.38	ROW	3	2,674
103	3,192.84	ROW	1	1,938
104	3,637.46	ROW	2	2,297
105	4,104.38	ROW	3	2,674
<u>105</u>	<u>\$419,225.01</u>			<u>271,295</u>

Backup Special Tax Table

NTC - UNIT No. 2

Lot Number	Backup Special Tax	SFD, ROW or TH	Plan Number	Plan Sq. Ft.
1	\$4,104.38	ROW	3	2,674
2	3,637.46	ROW	2	2,297
3	4,104.38	ROW	3	2,674
4	4,104.38	ROW	3	2,674
5	3,637.46	ROW	2	2,297
6	4,104.38	ROW	3	2,674
7	4,104.38	ROW	3	2,674
8	4,104.38	ROW	3	2,674
9	4,104.38	ROW	3	2,674
10	3,192.84	ROW	1	1,938
11	4,104.38	ROW	3	2,674
12	4,104.38	ROW	3	2,674
13	3,637.46	ROW	2	2,297
14	3,637.46	ROW	2	2,297
15	4,104.38	ROW	3	2,674
16	4,307.49	SFD	3	2,838
17	3,637.46	SFD	1	2,297
18	4,049.89	SFD	2	2,630
19	4,307.49	SFD	3	2,838
20	4,049.89	SFD	2	2,630
21	3,637.46	ROW	2	2,297
22	3,192.84	ROW	1	1,938
23	3,637.46	ROW	2	2,297
24	3,192.84	ROW	1	1,938
25	3,192.84	ROW	1	1,938
26	3,637.46	ROW	2	2,297
27	3,192.84	ROW	1	1,938
28	4,104.38	ROW	3	2,674
29	4,307.49	SFD	3	2,838
30	4,049.89	SFD	2	2,630
31	4,307.49	SFD	3	2,838
32	4,049.89	SFD	2	2,630
33	3,637.46	SFD	1	2,297
34	3,637.46	ROW	2	2,297
35	3,192.84	ROW	1	1,938
36	3,637.46	ROW	2	2,297
37	3,192.84	ROW	1	1,938
38	3,192.84	ROW	1	1,938
39	3,637.46	ROW	2	2,297
40	3,192.84	ROW	1	1,938
41	4,104.38	ROW	3	2,674
42	4,104.38	ROW	3	2,674
43	3,192.84	ROW	1	1,938
44	3,637.46	ROW	2	2,297
45	4,104.38	ROW	3	2,674
46	3,637.46	ROW	2	2,297
47	4,104.38	ROW	3	2,674

Backup Special Tax Table

NTC - UNIT No. 2

Lot Number	Backup Special Tax	SFD, ROW or TH	Plan Number	Plan Sq. Ft.
48	3,637.46	ROW	2	2,297
49	4,104.38	ROW	3	2,674
50	3,637.46	ROW	2	2,297
51	4,104.38	ROW	3	2,674
52	3,192.84	ROW	1	1,938
53	3,637.46	ROW	2	2,297
54	4,104.38	ROW	3	2,674
55	4,104.38	ROW	3	2,674
56	3,192.84	ROW	1	1,938
57	4,104.38	ROW	3	2,674
58	3,637.46	ROW	2	2,297
59	3,192.84	ROW	1	1,938
60	3,637.46	ROW	2	2,297
61	4,104.38	ROW	3	2,674
62	3,637.46	ROW	2	2,297
63	4,104.38	ROW	3	2,674
64	3,637.46	ROW	2	2,297
65	3,637.46	ROW	2	2,297
66	3,192.84	ROW	1	1,938
67	3,637.46	ROW	2	2,297
68	4,104.38	ROW	3	2,674
69	4,104.38	ROW	3	2,674
70	3,192.84	ROW	1	1,938
71	3,637.46	ROW	2	2,297
72	3,192.84	ROW	1	1,938
73	3,637.46	ROW	2	2,297
74	3,192.84	ROW	1	1,938
75	3,192.84	ROW	1	1,938
76	3,637.46	ROW	2	2,297
77	3,192.84	ROW	1	1,938
78	3,192.84	ROW	1	1,938
79	3,192.84	ROW	1	1,938
80	3,192.84	ROW	1	1,938
81	3,637.46	ROW	2	2,297
82	3,192.84	ROW	1	1,938
83	3,192.84	ROW	1	1,938
84	3,192.84	ROW	1	1,938
85	3,192.84	ROW	1	1,938
86	4,104.38	ROW	3	2,674
87	3,192.84	ROW	1	1,938
88	3,192.84	ROW	1	1,938
89	3,192.84	ROW	1	1,938
90	3,192.84	ROW	1	1,938
91	3,637.46	ROW	2	2,297
92	3,192.84	ROW	1	1,938
93	3,192.84	ROW	1	1,938
94	3,192.84	ROW	1	1,938
95	3,192.84	ROW	1	1,938

Backup Special Tax Table

NTC - UNIT No. 2

<u>Lot Number</u>	<u>Backup Special Tax</u>	<u>SFD, ROW or TH</u>	<u>Plan Number</u>	<u>Plan Sq. Ft.</u>
96	4,104.38	ROW	3	2,674
97	4,104.38	ROW	3	2,674
98	3,192.84	ROW	1	1,938
99	3,192.84	ROW	1	1,938
100	3,637.46	ROW	2	2,297
101	3,192.84	ROW	1	1,938
102	3,637.46	ROW	2	2,297
103	3,192.84	ROW	1	1,938
104	3,637.46	ROW	2	2,297
<u>104</u>	<u>\$378,337.18</u>			<u>238,921</u>

Backup Special Tax Table

NTC - UNIT No. 2 (Condo's)

Lot Number	Backup Special Tax	SFD, ROW or TH	Plan Number	Plan Sq. Ft.
105-A	\$2,753.18	TH	4	1,583
105-B	2,161.17	TH	1	1,105
105-C	2,753.18	TH	4	1,583
105-D	2,753.18	TH	4	1,583
105-E	2,161.17	TH	1	1,105
105-F	2,753.18	TH	4	1,583
106-A	2,753.18	TH	4	1,583
106-B	2,161.17	TH	1	1,105
106-C	2,458.41	TH	3	1,345
106-D	2,458.41	TH	3	1,345
106-E	2,161.17	TH	1	1,105
106-F	2,753.18	TH	4	1,583
107-A	2,753.18	TH	4	1,583
107-B	2,137.64	TH	1Y	1,086
107-C	2,143.83	TH	1X	1,091
107-D	2,753.18	TH	4	1,583
107-E	2,753.18	TH	4	1,583
107-F	2,143.83	TH	1X	1,091
107-G	2,137.64	TH	1Y	1,086
107-H	2,753.18	TH	4	1,583
108-A	2,458.41	TH	3	1,345
108-B	2,161.17	TH	1	1,105
108-C	2,753.18	TH	4	1,583
108-D	2,753.18	TH	4	1,583
108-E	2,161.17	TH	1	1,105
108-F	2,458.41	TH	3	1,345
109-A	2,753.18	TH	4	1,583
109-B	2,137.64	TH	1Y	1,086
109-C	2,143.83	TH	1X	1,091
109-D	2,137.64	TH	1Y	1,086
109-E	2,143.83	TH	1X	1,091
109-F	2,161.17	TH	1	1,105
109-G	2,753.18	TH	4	1,583
109-H	2,753.18	TH	4	1,583
109-I	2,161.17	TH	1	1,105
109-J	2,143.83	TH	1X	1,091
109-K	2,137.64	TH	1Y	1,086
109-L	2,161.17	TH	1	1,105
109-M	2,161.17	TH	1	1,105
109-N	2,753.18	TH	4	1,583
109-O	2,753.18	TH	4	1,583
109-P	2,137.64	TH	1Y	1,086
109-Q	2,143.83	TH	1X	1,091
109-R	2,137.64	TH	1Y	1,086
109-S	2,143.83	TH	1X	1,091
109-T	2,161.17	TH	1	1,105
109-U	2,753.18	TH	4	1,583
109-V	2,753.18	TH	4	1,583

Backup Special Tax Table

NTC - UNIT No. 2 (Condo's)

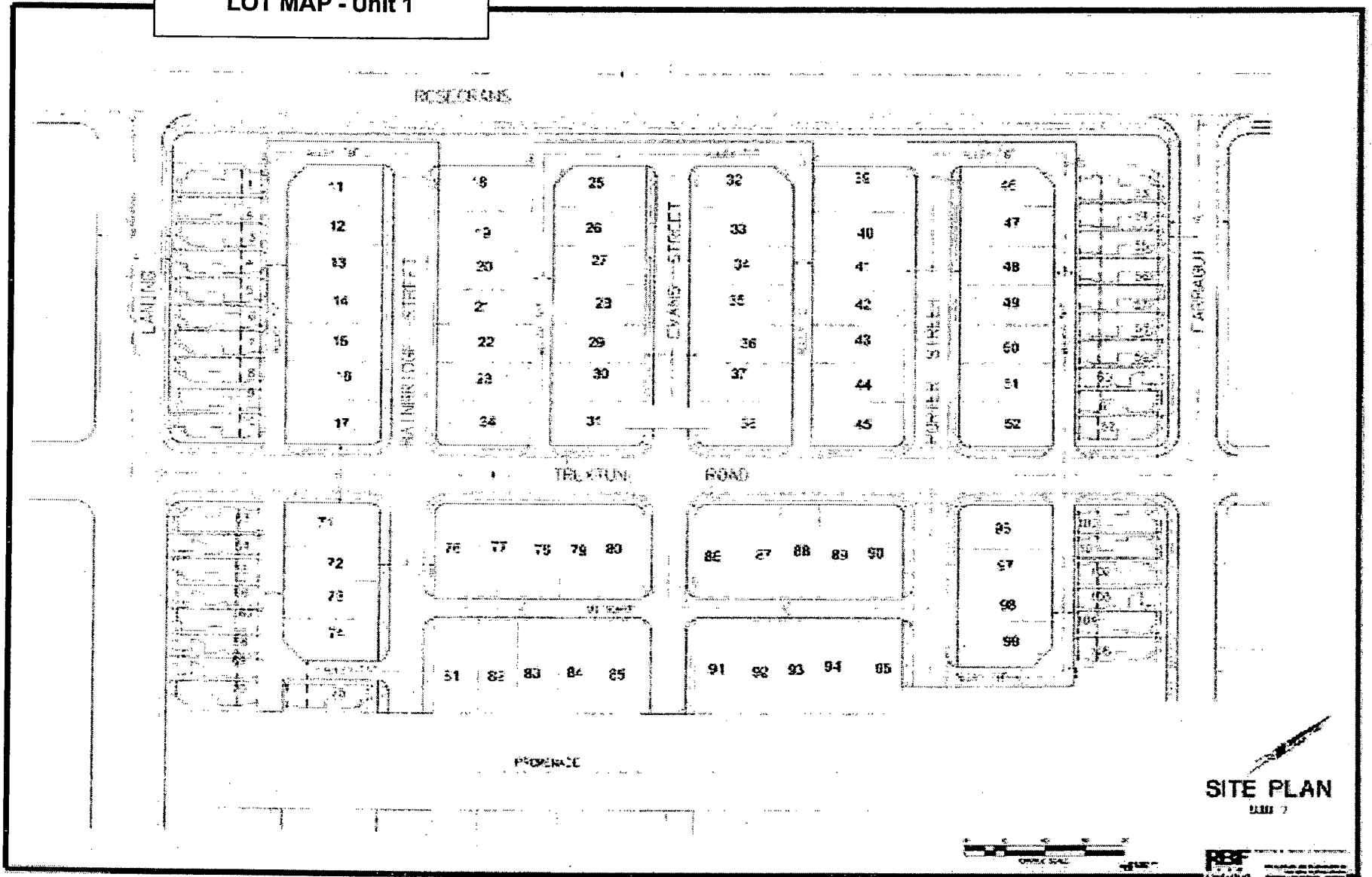
Lot Number	Backup Special Tax	SFD, ROW or TH	Plan Number	Plan Sq. Ft.
109-W	2,161.17	TH	1	1,105
109-X	2,143.83	TH	1X	1,091
109-Y	2,137.64	TH	1Y	1,086
109-Z	2,161.17	TH	1	1,105
109-A1	2,161.17	TH	1	1,105
109-B1	2,753.18	TH	4	1,583
110-A	2,753.18	TH	4	1,583
110-B	2,161.17	TH	1	1,105
110-C	2,137.64	TH	1Y	1,086
110-D	2,143.83	TH	1X	1,091
110-E	2,161.17	TH	1	1,105
110-F	2,753.18	TH	4	1,583
110-G	2,753.18	TH	4	1,583
110-H	2,161.17	TH	1	1,105
110-I	2,143.83	TH	1X	1,091
110-J	2,137.64	TH	1Y	1,086
110-K	2,161.17	TH	1	1,105
110-L	2,753.18	TH	4	1,583
111-A	2,753.18	TH	4	1,583
111-B	2,137.64	TH	1Y	1,086
111-C	2,143.83	TH	1X	1,091
111-D	2,458.41	TH	3	1,345
111-E	2,458.41	TH	3	1,345
111-F	2,161.17	TH	1	1,105
111-G	2,753.18	TH	4	1,583
111-H	2,753.18	TH	4	1,583
111-I	2,161.17	TH	1	1,105
111-J	2,458.41	TH	3	1,345
111-K	2,458.41	TH	3	1,345
111-L	2,143.83	TH	1X	1,091
111-M	2,137.64	TH	1Y	1,086
111-N	2,753.18	TH	4	1,583
112-A	2,753.18	TH	4	1,583
112-B	2,143.83	TH	1X	1,091
112-C	2,137.64	TH	1Y	1,086
112-D	2,458.41	TH	3	1,345
112-E	2,458.41	TH	3	1,345
112-F	2,137.64	TH	1Y	1,086
112-G	2,143.83	TH	1X	1,091
112-H	2,161.17	TH	1	1,105
112-I	2,753.18	TH	4	1,583
112-J	2,753.18	TH	4	1,583
112-K	2,161.17	TH	1	1,105
112-L	2,143.83	TH	1X	1,091
112-M	2,137.64	TH	1Y	1,086
112-N	2,458.41	TH	3	1,345
112-O	2,458.41	TH	3	1,345
112-P	2,137.64	TH	1Y	1,086

Backup Special Tax Table

NTC - UNIT No. 2 (Condo's)

<u>Lot Number</u>	<u>Backup Special Tax</u>	<u>SFD, ROW or TH</u>	<u>Plan Number</u>	<u>Plan Sq. Ft.</u>
112-Q	2,143.83	TH	1X	1,091
112-R	2,753.18	TH	4	1,583
113-A	2,753.18	TH	4	1,583
113-B	2,161.17	TH	1	1,105
113-C	2,143.83	TH	1X	1,091
113-D	2,137.64	TH	1Y	1,086
113-E	2,161.17	TH	1	1,105
113-F	2,458.41	TH	3	1,345
113-G	2,458.41	TH	3	1,345
113-H	2,161.17	TH	1	1,105
113-I	2,137.64	TH	1Y	1,086
113-J	2,143.83	TH	1X	1,091
113-K	2,161.17	TH	1	1,105
113-L	2,753.18	TH	4	1,583
114-A	2,753.18	TH	4	1,583
114-B	2,143.83	TH	1X	1,091
114-C	2,137.64	TH	1Y	1,086
114-D	2,753.18	TH	4	1,583
114-E	2,753.18	TH	4	1,583
114-F	2,137.64	TH	1Y	1,086
114-G	2,143.83	TH	1X	1,091
114-H	2,753.18	TH	4	1,583
115-A	2,753.18	TH	4	1,583
115-B	2,161.17	TH	1	1,105
115-C	2,143.83	TH	1X	1,091
115-D	2,137.64	TH	1Y	1,086
115-E	2,143.83	TH	1X	1,091
115-F	2,137.64	TH	1Y	1,086
115-G	2,458.41	TH	3	1,345
115-H	2,458.41	TH	3	1,345
115-I	2,161.17	TH	1	1,105
115-J	2,161.17	TH	1	1,105
115-K	2,137.64	TH	1Y	1,086
115-L	2,143.83	TH	1X	1,091
115-M	2,161.17	TH	1	1,105
115-N	2,753.18	TH	4	1,583
116-A	2,458.41	TH	3	1,345
116-B	2,137.64	TH	1Y	1,086
116-C	2,143.83	TH	1X	1,091
116-D	2,753.18	TH	4	1,583
116-E	2,753.18	TH	4	1,583
116-F	2,143.83	TH	1X	1,091
116-G	2,137.64	TH	1Y	1,086
116-H	2,458.41	TH	3	1,345
<u>140</u>	<u>\$331,756.83</u>			<u>178,271</u>

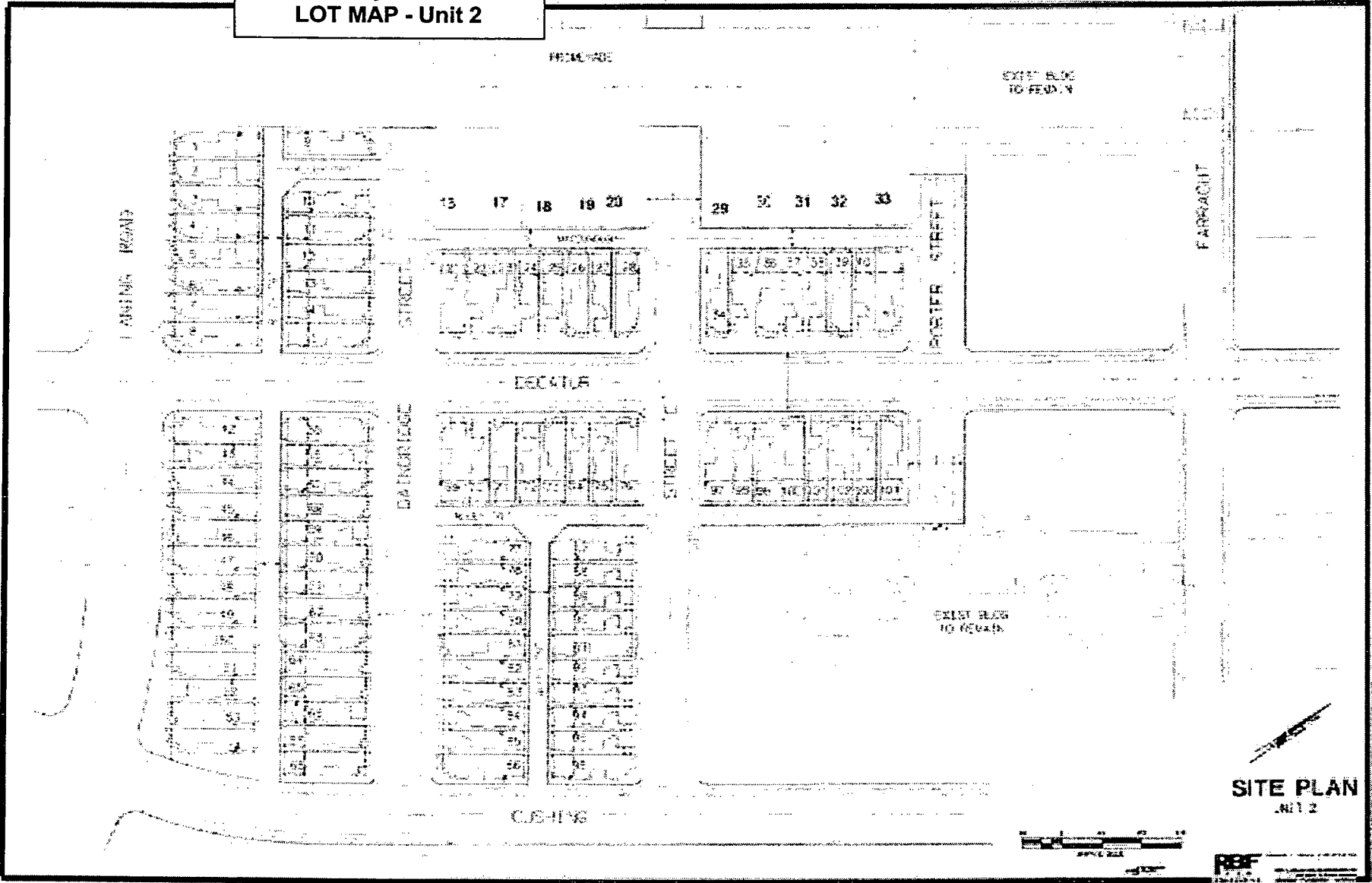
**Liberty Station
LOT MAP - Unit 1**



2-296710

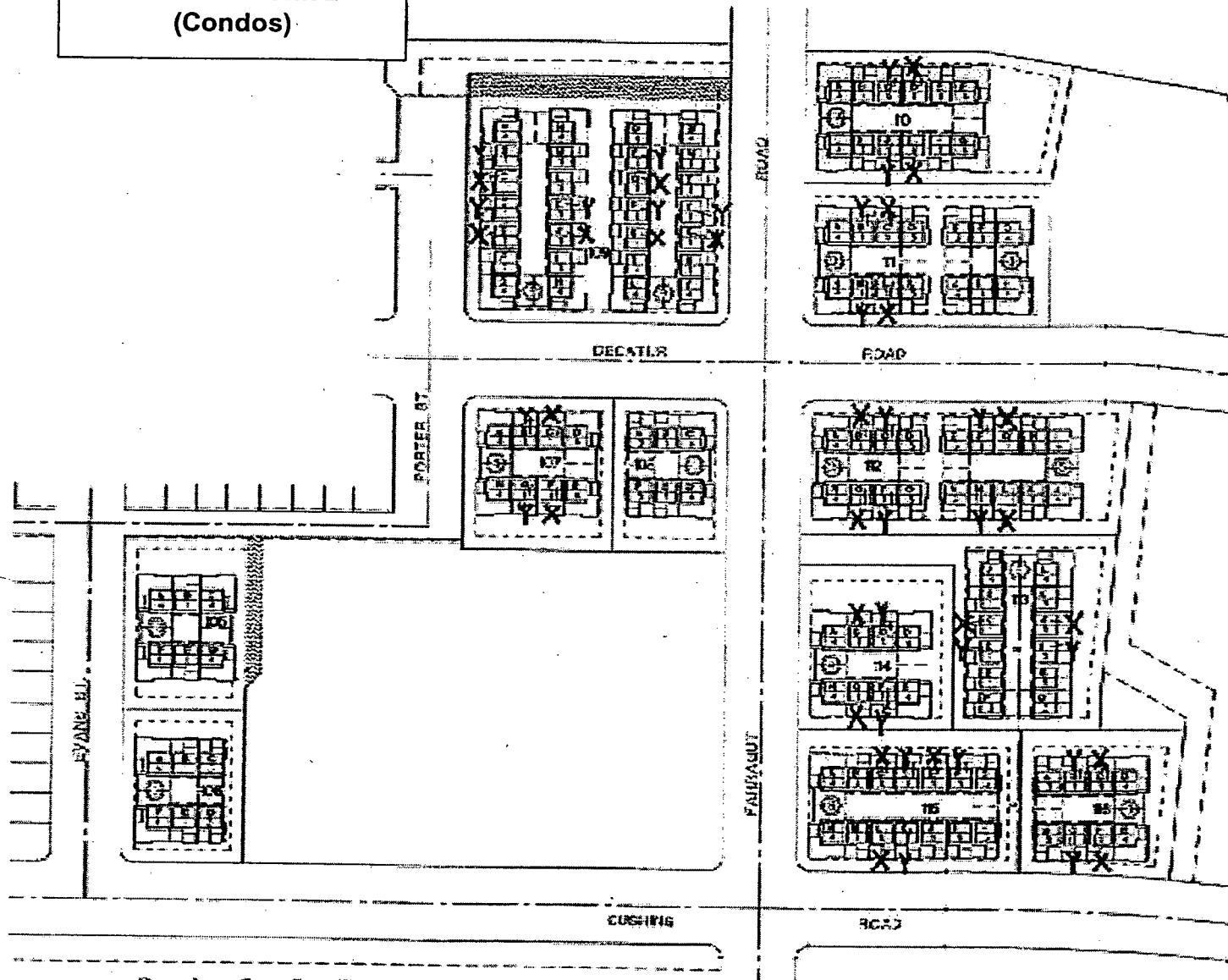
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Liberty Station
LOT MAP - Unit 2



Q-296710

**Liberty Station
LOT MAP - Unit 2
(Condos)**



Legend:

- Lot Number 105
- Adjoining Contiguous Number ⑩
- Street Centerline ————
- Building Footprint ————
- Lot Lines - - - - -
- Water Line - - - - -
- Gas Line - - - - -
- San Sewer Line - - - - -
- Mail Box Number ⑩
- Fire Hydrant ⑩

Unit Tax Rate Numbers

6.67 17.5961

**McMillin - NTC Unit 2
Multi-Family Housing**

NASLAND ENGINEERING
CITY ENGINEER, SURVEYING & ARCHITECTURE
 104 N. 10th St., Ste. 200, Anchorage, Alaska 99501

NO.	DATE	BY	REVISION

K296710