



ATTACHMENT 5

Rate and Method of Apportionment of Special Tax For CFD No. 98-01 IA No. 1

**CITY OF SAN MARCOS
COMMUNITY FACILITIES DISTRICT NO. 98-01
IMPROVEMENT AREA NO. 1
(POLICE ONLY)**

MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982

**RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX**

Special taxes applicable to each Taxable Assessor's Parcel of land in Improvement Area No. 1 ("IA No. 1") of Community Facilities District No. 98-01 ("CFD No. 98-01") of the City of San Marcos ("City"), California shall be levied and collected pursuant to the special tax liability as determined by the City Council of the City of San Marcos ("Council"), acting in its capacity as the legislative body of CFD No. 98-01, or its designee. All of the property within IA No. 1, unless otherwise exempted by law or the provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner herein provided.

Maximum Annual Special Tax

The Maximum Annual Special Tax for Facilities and the Maximum Annual Special Tax for Services (together the "Maximum Annual Special Taxes") for Fiscal Year 2001-02 is shown in the table on the following page. The Maximum Annual Special Taxes shall increase two percent (2.00%) annually, commencing with July 1 of Fiscal Year 2002-2003 and on each July 1 thereafter.

Community Facilities District No. 98-01
Improvement Area No. 1
Maximum Annual Special Taxes
Fiscal Year 2001-02

| <u>Land Use Classification</u> | <u>Maximum Annual Special Taxes</u> | | | |
|---|-------------------------------------|-----------------|--------------|-------------------|
| | <u>Facilities</u> | <u>Services</u> | <u>Total</u> | |
| Single Family | \$25.52 | \$100.54 | \$126.06 | per Dwelling Unit |
| Multi-Family | 25.52 | 100.54 | 126.06 | per Dwelling Unit |
| Commercial | 178.64 | 703.78 | 882.42 | per Acre |
| Office Professional | 357.28 | 1,407.56 | 1,764.84 | per Acre |
| Light Industrial | 135.26 | 532.86 | 668.12 | Per Acre |
| Industrial | 135.26 | 532.86 | 668.12 | per Acre |
| Agricultural ¹ | 135.26 | 532.86 | 668.12 | per Acre |
| Business Park | 313.90 | 1,236.64 | 1,550.54 | per Acre |
| Institutional | 51.04 | 201.08 | 252.12 | per Acre |
| ¹ Includes agricultural packaging, processing, or greenhouse facilities, or similar structures or operations. Excludes property that is used for agricultural crops or raising and keeping poultry and other small animals, horses, bovine animals, sheep, goats, and swine. | | | | |

Classification of Taxable Assessor's Parcels

Each Fiscal Year, all Taxable Assessor's Parcels shall be classified as either Single Family, Multi-Family, Commercial, Office Professional, Light Industrial, Industrial, Agricultural, Business Park, or Institutional (the "Land Use Classifications"). The zoning applicable to an Assessor's Parcel shall determine its Land Use Classification. Notwithstanding the preceding, property zoned for Agricultural uses but for which the actual land use is single family residential, employee housing, mobile home park, resort hotel, child care center, church, etc. shall be classified according to the actual land use. Only that portion of an Assessor's Parcel for which a building permit, conditional use permit, or other development permit has been issued as of the March 1 preceding the Fiscal Year for which the Special Tax for Facilities and/or Special Tax for Services are being levied shall be subject to the Maximum Annual Special Taxes; notwithstanding the foregoing, residential units which were constructed prior to the date of formation of CFD No. 2001-1 and to which such permit does not apply will remain exempt following issuance of such permit. With respect to Assessor's Parcels with Commercial, Office Professional, Light Industrial, Industrial, Agricultural, Business Park, and Institutional land use

classifications, the Acreage subject to the Maximum Annual Special Taxes shall be comprised of all improved areas utilized or available to be utilized for such uses, including, but not limited to, the footprint of any structures and loading, packing, and parking areas. Land Use Classifications shall be determined on the March 1 preceding the Fiscal Year for which the Special Tax for Facilities and Special Tax for Services are being levied.

Term of Special Tax

The Maximum Annual Special Tax for Facilities shall not be levied after Fiscal Year 2047-2048. The Maximum Annual Special Tax for Services may be levied so long as the Council, acting in its capacity as the legislative body of CFD No. 98-01, or its designee, determines that such special taxes are necessary to provide the Authorized Services within IA No. 1 of CFD No. 98-01.

Apportionment of Special Tax for Facilities

Commencing with Fiscal Year 2001-02 and for each following Fiscal Year, subject to the preceding paragraph, the Council, or its designee, shall determine the amount of Special Tax for Facilities to be collected. The Special Tax for Facilities as follows until the amount of the levy equals the Special Tax Requirement for Facilities for such Fiscal Year:

The Special Tax for Facilities shall be levied on all Taxable Assessor's Parcels at an equal percentage of the Maximum Annual Special Tax for Facilities up to 100% of such Maximum Annual Special Tax for Facilities.

The Special Tax for Facilities shall be applied in the following order of priority:

- First: To pay debt service on bonds secured by the Special Tax for Facilities;
- Second: To replenish any reserve fund established pursuant to the issuance of bonds secured by the Special Tax for Facilities;
- Third: To pay directly for the cost of the acquisition or construction of Authorized Facilities;
- Fourth: To pay Administrative Costs.

Apportionment of Special Tax for Services

Commencing with Fiscal Year 2001-02 and for each following Fiscal Year, the Council, or its designee, shall determine the amount of Special Tax for Services to be collected. The Special Tax for Services as follows until the amount of the levy equals the Special Tax Requirement for Services for such Fiscal Year:

The Special Tax for Services shall be levied on all Taxable Assessor's Parcels at an equal percentage of the Maximum Annual Special Tax for Services up to 100% of such Maximum Annual Special Tax for Services.

The Special Tax for Services shall be applied in the following order of priority:

- First: To pay for the cost of providing Authorized Services; and
- Second: To pay Administrative Costs.

Prepayment and Discharge of Special Tax

The Maximum Annual Special Tax for Facilities and the Maximum Annual Special Tax for Services applicable to a Taxable Assessor's Parcel in IA No. 1 of CFD No. 98-01 may be prepaid and the obligation of such Assessor's Parcel to pay the Maximum Annual Special Taxes permanently satisfied by prepaying **both** the Maximum Annual Special Tax for Facilities and the Maximum Annual Special Tax for Services pursuant to the methodology shown in Attachment 1.

Definitions

“Acre” of parcel means the area of the lots or parcels as shown on any final approved subdivision and/or parcel map, or if not subject to any final approved subdivision and/or parcel map, shall be the acreage as shown on the last County Assessor's map for each Fiscal Year any special tax is to be levied.

“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 Costs” means any ordinary and necessary expenses of the Council to carry out its duties as the legislative body of CFD No. 98-01 and allocable to IA No. 1.

"Agricultural" means (i) the "Agricultural" zoning set forth in the Zoning Ordinance of the City of San Marcos, (ii) the County of San Diego zoning equivalent determined by the CFD Administrator, or (iii) the entitlement established by any conditional use permit or building permit that has been issued for purposes of constructing or operating an agricultural packaging, processing, or greenhouse facility, or similar structure or operation. Property which is used for growing agricultural crops or raising and keeping poultry and other small animals, horses, bovine animals, sheep, goats, and swine shall not be classified as Agricultural.

“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 Diego designating parcels by Assessor's Parcel number.

“Authorized Facilities” means those police protection facilities and equipment as described in the “Community Facilities District Report, Community Facilities District No. 98-01.”

“Authorized Services” means those police protection services as described in the “Community Facilities District Report Community Facilities District No. 98-01.”

“Business Park” means the “Business Park” or “Town Center” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Commercial” means the “Commercial” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Dwelling Unit” means any building or portion thereof which contains living facilities, including provisions for sleeping, eating cooking and sanitation, for no more than one family, or a congregated residence for 10 or less persons.

“Equivalent Dwelling Unit (EDU)” means a basic unit whereby a single family detached dwelling unit is equal to one EDU and all other land uses are a ratio relative to this base measure.

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

“Industrial” means the “Industrial” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Institutional” means (i) the “Institutional” zoning set forth in the Zoning Ordinance of the City of San Marcos or (ii) the zoning established by a conditional use permit or building permit which has been issued for purposes of a church or any other institutional use permitted thereby.

“Light Industrial” means the “Light Industrial” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Maximum Annual Special Tax for Facilities” means the maximum special tax that may be levied within IA No. 1 of CFD No. 98-01 for any Fiscal Year to meet the Special Tax Requirement for Facilities.

“Maximum Annual Special Tax for Services” means the maximum special tax that may be levied within IA No. 1 of CFD No. 98-01 for any Fiscal Year to meet the Special Tax Requirement for Services.

“Multi-Family” means the “Residence R-3” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Office Professional” means the “Office Professional” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Single Family” means the “Residence R-1,” “Residence R-2,” and “Mobilehome Park” zoning set forth in the Zoning Ordinance of the City of San Marcos.

“Special Tax for Facilities” means the special tax to be levied within IA No. 1 of CFD No. 98-01 for any Fiscal Year to meet the Special Tax Requirement for Facilities.

“Special Tax for Services” means the special tax to be levied within IA No. 1 of CFD No. 98-01 for any Fiscal Year to meet the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount sufficient in any Fiscal Year (1) to pay debt service on bonds secured by the Special Tax for Facilities, (2) to replenish any reserve fund established pursuant to the issuance of bonds secured by the Special Tax for Facilities, (3) to pay directly for the cost of the acquisition or construction of Authorized Facilities and (4) to pay the Administrative Costs.

“Special Tax Requirement for Services” means the amount sufficient in any Fiscal Year to pay (1) the cost of providing the Authorized Services within IA No. 1 CFD No. 98-01, and (2) the Administrative Costs.

“Taxable Assessor's Parcel” means an Assessor's Parcel located within the boundaries of IA No. 1 of CFD No. 98-01 and for which a building permit, conditional use permit, or other development permit, as applicable, has been issued as of the March 1 preceding the Fiscal Year for which the Special Tax for Facilities and/or Special Tax for Services are being levied.

Attachment 1

Prepayment of the Maximum Annual Special Taxes

The Maximum Annual Special Taxes for Facilities and the Maximum Annual Special Tax for Services applicable to a Taxable Assessor's Parcel in IA No. 1 of CFD No. 98-01 may be prepaid and the obligation of the Assessor's Parcel to pay such Maximum Annual Special Taxes permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent special taxes with respect to such Assessor's Parcel at the time of prepayment and that said prepayment is for both the Maximum Annual Special Tax for Facilities and Maximum Annual Special Tax for Services. An owner of an Assessor's Parcel intending to prepay the Maximum Annual Special Taxes shall provide IA No. 1 of CFD No. 98-01 with a written notice of intent to prepay. Within 30 days of receipt of such written notice, CFD No. 98-01 shall notify such owner of the "Prepayment Amount" of such Assessor's Parcel.

A. Prepayment of the Maximum Annual Special Tax for Facilities

The Prepayment Amount for the Maximum Annual Special Tax for Facilities shall be calculated as the present value of the Maximum Annual Special Tax for Facilities escalated at two percent (2.00%), from the Fiscal Year in which the prepayment shall be made through the last Fiscal Year that such special tax may be levied on the Assessor's Parcel.

B. Prepayment of the Maximum Annual Special Tax for Services

The Prepayment Amount for the Maximum Annual Special Tax for Services shall be calculated as the present value of the Maximum Annual Special Tax for Services escalated at two percent (2.00%), from the Fiscal Year in which the prepayment shall be made through the Fiscal Year which is seventy-five (75) years from the Fiscal Year in which the prepayment shall be made.

C. Present Value Assumptions

The assumptions to be used when present valuing the Maximum Annual Special Taxes are as follows:

1. If bonds are outstanding, which have been issued to finance the Authorized Facilities, then the discount rate used for calculating the present value of the Maximum Annual

Special Tax for Facilities shall be equal to the bond yield for said bonds. If no bonds are outstanding, then the discount rate used for calculating the present value of the Maximum Annual Special Tax for Facilities shall be equal to the rate of return earned on the City's general fund investment portfolio for the preceding twelve months.

2. The discount rate used for calculating the present value of the Maximum Annual Special Tax for Services shall be equal to the rate of return earned on the City's general fund investment portfolio for the preceding twelve months.
3. A 360 day year.
4. The Maximum Annual Special Taxes will be discounted from July 1 of each Fiscal Year.

D. Determination of Prepayment Amount

The Prepayment Amount shall be calculated as summarized below:

1. Compute the present value of the Maximum Annual Special Tax for Facilities pursuant to sections A and C above; plus
2. Compute the present value of the Maximum Annual Special Tax for Services pursuant to sections B and C above; plus
3. Compute an amount to cover the administrative fees and expenses of CFD No. 98-01, as calculated by the City, which include, but are not limited to, the costs of computation of the prepayment, the costs of removing any special taxes from the roll, and the costs of recording any notices to evidence the prepayment.
4. The Prepayment amount for the Maximum Annual Special Taxes is equal to the sum of the amounts computed pursuant to paragraphs 1, 2 and 3.

Community Facilities District No. 98-01
Improvement Area No. 1
Prepayment Amounts for Fiscal Year 2001-02¹

| <u>Land Use Classification</u> | <u>Prepayment Amount FY 2001-02¹</u> | | | |
|--------------------------------|---|-----------------|--------------|-------------------|
| | <u>Facilities</u> | <u>Services</u> | <u>Total</u> | |
| Single Family | \$664.50 | \$3,118.75 | \$3,783.25 | per Dwelling Unit |
| Multi-Family | 664.50 | 3,118.75 | 3,783.25 | per Dwelling Unit |
| Commercial | 4,651.50 | 21,831.25 | 26,482.75 | per Acre |
| Office-Professional | 9,303.00 | 43,662.50 | 52,965.50 | per Acre |
| Light Industrial | 3,521.85 | 16,529.38 | 20,051.23 | per Acre |
| Industrial | 3,521.85 | 16,529.38 | 20,051.23 | per Acre |
| Business Park | 8,173.35 | 38,360.63 | 46,533.98 | per Acre |
| Institutional | 1,329.00 | 6,237.50 | 7,566.50 | per Acre |

¹Excludes amount to cover administrative expenses. Based on 5.0% discount rate.

The payment in full of the above calculated amount, plus the applicable administrative expenses and recording fees, fully discharges any further obligation of the Assessor's Parcel for the Authorized Facilities and Authorized Services funded within IA No. 1 of CFD No. 98-01.

With respect to any Assessor's Parcel that is prepaid, the City shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of the Prepayment Amount, to indicate the prepayment of the Maximum Annual 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 Maximum Annual Special Taxes shall cease.