

## **RESOLUTION NO. TPFA 2024-**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DECLARING ITS INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES THEREIN – ALTAIR**

THE BOARD OF DIRECTORS OF THE TEMECULA PUBLIC FINANCING AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Under the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the “Law”), this Board of Directors may commence proceedings for the establishment of a community facilities district.

Section 2. There has been submitted to this Board of Directors a Petition (Including Waivers) (the “Petition”) of SB Altair, LLC (the “Developer”), requesting the formation by this Board of Directors of a community facilities district under the Law to be known as the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) (the “District”), and requesting that the Board of Directors designate an improvement area therein and a future annexation area for the District.

Section 3. Under the Law, this Board of Directors is the legislative body for the proposed District and is empowered with the authority to establish the District, designate an improvement area therein and conduct proceedings for a future annexation area for the District.

Section 4. This Board of Directors proposes to begin the proceedings necessary to establish the District pursuant to the Law, to designate an improvement area of the District and to provide for the future annexation of property to the District. Receipt of the Petition to form the District is hereby acknowledged. In furtherance of the formation of the District, it is also acknowledged that the Authority, the City of Temecula (the “City”) and the Developer are parties to a Deposit/Reimbursement Agreement, pursuant to which the Developer has agreed to deposit funds with City to pay the costs of conducting the proceedings to establish the District and the possible issuance by the Authority of bonds for the District, subject to reimbursement from the proceeds of bonds issued for the District, all as more specifically provided in the Deposit/Reimbursement Agreement.

Section 5. The name proposed for the District is Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair).

Pursuant to Section 53350 of the Law the territory to be initially included in the District as shown on the map described in Section 6 hereof is hereby designated to be an improvement area designated “Improvement Area No. 1 of the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair)” (“Improvement Area No. 1”).

This Board of Directors hereby determines that public convenience and necessity require that territory be added to the District in the future, and that this Resolution shall constitute a resolution of intention to annex territory to the District pursuant to Sections 53339.2 and 53339.3 of the Law. The name for the territory proposed to be annexed into the District in the future, as used in this Resolution, is “Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) (Future Annexation Area)” (the “Future Annexation Area”).

Section 6. The proposed boundaries of the District and Improvement Area No. 1, and the proposed boundaries of the Future Annexation Area, are as shown on respective maps on file with the Secretary, which boundaries are hereby preliminarily approved. The Secretary is hereby directed to record, or cause to be recorded, the maps of the boundaries of the District and Improvement Area No. 1, and the Future Annexation Area, in the office of the Riverside County Recorder as soon as practicable after the adoption of this Resolution.

Parcels within the Future Annexation Area shall be annexed to the District only with the unanimous approval (each, a “Unanimous Approval”) of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings by this Board of Directors.

Section 7. The types of public facilities (the “Facilities”), the conservation fee (the “Conservation Fee”) and the types of municipal services (the “Services”) proposed to be eligible for funding by the District, Improvement Area No. 1 and the Future Annexation Area (including any area therein designated to be annexed as a separate improvement area (each, including Improvement Area No. 1, an “Improvement Area”)), in each case pursuant to the Law, shall consist of those items listed on Exhibit A hereto under the headings “Facilities,” “Conservation Fee” and “Municipal Services,” respectively, which Exhibit is by this reference incorporated herein.

The Services shall be in addition to those provided in the territory of the District, Improvement Area No. 1 and the Future Annexation Area as of the date hereof and shall not supplant services already available within the territory of the District, Improvement Area No. 1 and the Future Annexation Area as of the date hereof. This Board of Directors intends to provide the Services on an equal basis in the original territory of the District and Improvement Area No. 1 and, when it has been annexed to the District, the Future Annexation Area (including any area therein designated to be annexed as a separate Improvement Area).

This Board of Directors hereby determines that the Facilities, the Conservation Fee and the Services to be financed by the District, Improvement Area No. 1 and the Future Annexation Area are necessary to meet increased demands placed upon local agencies as a result of development occurring and expected to occur in the territory included in the District, Improvement Area No. 1 and the Future Annexation Area.

This Board of Directors hereby expresses its opinion that the public interest will not be served by allowing property owners to enter into contracts as contemplated by Section 53329.5(a) of the Law, and does not intend to let property owners avail themselves of the actions otherwise permitted by said Section 53329.5(a).

The Executive Director is hereby authorized and directed to enter into a joint community facilities agreement with the City of Temecula, the Eastern Municipal Water District, the Rancho California Water District and any other public entity that will own and/or operate any of the Facilities, or that will provide any of the Services, with any such agreements to be in a form provided by Bond Counsel.

Section 8. Except to the extent that funds are otherwise available to the District to pay for the Facilities, the Conservation Fee and the Services, and/or pay the principal and interest as it becomes due on bonds of the Authority for the District or any Improvement Area thereof issued to finance the Facilities, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the District and any Improvement Area thereof, will be levied within the District and any Improvement Area thereof and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Board of Directors or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the Improvement Area, in sufficient detail to allow each landowner within the proposed Improvement Area to estimate the maximum amount such owner will have to pay, and which specifies the tax year after which no further special tax will be levied on land used for private residential purposes and which otherwise complies with applicable provisions of the Law is described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

For one or more future Improvement Areas formed to include territory that annexes into the District from the Future Annexation Area (each, a "Future Improvement Area"), a different rate and method of apportionment of special tax may be adopted if the annexed territory is designated as a separate Improvement Area. No supplements to the rate and method of apportionment of special tax for any of the Future Improvement Areas and no new rate and method of apportionment of special tax will cause the maximum special tax rates in the then-existing territory of the District (including Improvement Area No. 1) to increase. The designation as an Improvement Area of any territory annexing to the District, the maximum amount of bonded indebtedness and other debt for such Improvement Area, the rate and method of apportionment of special tax for such Improvement Area and the appropriations limit for such Improvement Area shall be identified and approved in the Unanimous Approval executed by the property owner or the property owners in connection with the respective annexation to the District. The annexation and related matters described in the Unanimous Approval shall be implemented and completed without the need for approval by this Board of Directors as long as the following conditions are met:

(i) The rate and method of apportionment of special tax for the new Improvement Area is prepared by a special tax consultant retained by the Authority; and

(ii) The rate and method of apportionment of special tax for the new Improvement Area complies with the Authority's Local Goals and Policies for Community Facilities Districts in effect on the date of formation of the District, unless otherwise required by law.

This Board of Directors finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Law (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District, Improvement Area No. 1 and the Future Annexation Area.

As required by Section 53339.3(d) of the Law, this Board of Directors hereby determines that the special tax proposed to pay for the Facilities to be supplied within the Future Annexation Area will be equal to the special taxes levied to pay for the same Facilities in previously-existing areas of the District and Improvement Area No. 1, except that (i) a higher special tax may be levied within the Future Annexation Area to pay for the same Facilities to compensate for the interest and principal previously paid from special taxes in the original area of the District and Improvement Area No. 1, less any depreciation allocable to the financed Facilities, and (ii) a higher Special Tax may be levied in the Future Annexation Area to pay for new or additional Facilities, with or without bond financing. As required by Section 53339.3(d) of the Law, this Board of Directors hereby further determines that the Special Tax proposed to pay for Services to be supplied within the Future Annexation Area and the Conservation Fee shall be equal to any Special Tax levied to pay for the same Services and the Conservation Fee in the existing District and Improvement Area No. 1, except that a higher or lower tax may be levied within the Future Annexation Area to the extent that the actual cost of providing the Services in the Future Annexation Area is higher or lower than the cost of providing those Services in the existing District and Improvement Area No. 1. In so finding, this Board of Directors does not intend to limit its ability to levy a Special Tax within the Future Annexation Area to provide new or additional municipal services beyond those supplied within the existing District and Improvement Area No. 1.

Section 9. It is the intention of this Board of Directors, acting as the legislative body for Improvement Area No. 1, to cause bonds of the Authority to be issued for the District pursuant to the Law to finance the costs of the Facilities. If so issued, the bonds shall be in the aggregate principal amount of not to exceed \$25,000,000, shall bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof.

It is the intention of this Board of Directors, acting as the legislative body of the District, to cause bonds of the Authority to be issued for that portion of the District that is not included in Improvement Area No. 1 to finance costs of the Facilities. The bonds shall be in the aggregate principal amount of not to exceed \$70,000,000, shall be issued in such series and bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of each series of bonds and other debt, and shall mature not to exceed 40 years from the date of the issuance thereof.

In the event all or a portion of the Future Annexation Area is annexed as one or more Future Improvement Areas, the designation as an Improvement Area of any territory annexing to the District, the maximum amount of bonded indebtedness for such Improvement Area (not to

exceed for all such Future Improvement Areas and any other territory in the District not included in Improvement Area No. 1, \$70,000,000), the rate and method of apportionment of special tax for such Improvement Area and the appropriations limit for such Improvement Area shall be identified and approved in the Unanimous Approval executed by property owners in connection with their annexation to the District.

Section 10. This Board of Directors reserves to itself the right and authority to allow any interested owner of property in the District, subject to the provisions of Section 53344.1 of the Law and such requirements as it may otherwise impose, and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the Authority for the District, to tender to the Treasurer of the Authority in full payment or part payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.1 of the Law.

Section 11. The levy of said proposed special tax in Improvement Area No. 1 shall be subject to the approval of the qualified electors of Improvement Area No. 1 at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed Improvement Area No. 1, with each owner having one vote for each acre or portion of an acre of land such owner owns in Improvement Area No. 1.

A special tax shall be levied in the Future Annexation Area only with the Unanimous Approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed to the District, without any requirement for further public hearings or additional proceedings by this Board of Directors. The designation as an Improvement Area of any territory annexing to the District, the maximum amount of bonded indebtedness and other debt for such Improvement Area, the rate and method of apportionment of special tax for such Improvement Area and the appropriations limit for such Improvement Area shall be identified and approved in the Unanimous Approval executed by the property owner or property owners in connection with the respective annexation to the District.

Section 12. Except as may otherwise be provided by the Law or the rate and method of apportionment of the special tax for Improvement Area No. 1 or any portion of the Future Annexation Area, all lands owned by any public entity, including the United States, the State of California and/or the City of Temecula, or any departments or political subdivisions of any thereof, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Services, the Conservation Fee, the Facilities, the issuance of bonds by the Authority for Improvement Area No. 1 or any portion of the Future Annexation Area and any expenses of Improvement Area No. 1 or any portion of the Future Annexation Area.

Section 13. The Director of Public Works of the City of Temecula is hereby directed to study the Facilities, the Conservation Fee and the Services and to make, or cause to be made, and file with the Secretary a report in writing, presenting the following:

(a) A brief description of the Facilities, the Conservation Fee and the Services eligible to be funded by the District, Improvement Area No. 1 and the Future Annexation Area.

(b) An estimate of the fair and reasonable cost of providing for the Facilities, the Conservation Fee and the Services, including the incidental expenses in connection therewith, including the costs of the proposed bond financing, any Authority or City of Temecula administrative costs and all other related costs.

Said report shall be made a part of the record of the public hearing provided for below.

Section 14. Tuesday, March 26, 2024, at 6:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Board of Directors, City Council Chambers, Temecula City Hall, 41000 Main Street, Temecula, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the District and Improvement Area No. 1, will conduct a public hearing on the establishment of the District and Improvement Area No. 1, and said hearing shall be combined with the public hearing required by Section 53339.3(f) of the Law with respect to the Future Annexation Area, and following said hearing this Board of Directors expects to consider and finally determine whether the public interest, convenience and necessity require the formation of the District, Improvement Area No. 1 and the Future Annexation Area and the levy of said special tax in Improvement Area No. 1.

Section 15. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereto. Said notice is being given pursuant to Section 53322 of the Law with respect to the District and Improvement Area No. 1, and pursuant to Section 53339.4 of the Law with respect to the Future Annexation Area.

Section 16. This Board of Directors may in the future, by resolution, approve an agreement pursuant to Section 53314.9 of the Law, to accept an advance or advances of funds or work-in-kind from one or more landowners in the District or related entities, which advances may be repaid and work-in-kind may be reimbursed to the person or entity which advanced the funds or work-in-kind subject to compliance with the applicable provisions of Section 53314.9 of the Law.

Section 17. This Board of Directors hereby finds and determines that no further environmental review is required for the funding of the Facilities, the Conservation Fee and the Services.

A. On December 17, 2017, the City Council adopted Resolution No. 17-86 certifying the Final Environmental Impact Report ("EIR") for the Altair Project, Resolution No. 17-87 approving the General Plan Amendment for the Altair Project and Resolution No. 17-88 approving Tentative Tract Map 36959 for the Altair Project, and on

January 9, 2018, the City Council adopted Ordinance No. 18-01 approving the Altair Specific Plan No. 15 (the “Altair Project Approvals”).

B. All of the Facilities, the Conservation Fee and the Services that are proposed to be funded by the proposed District, Improvement Area No. 1 and the Future Annexation Area were included as development standards or conditions of approval in the Altair Project Approvals and were considered and approved as in accordance with the California Environmental Quality Act (“CEQA”) as part of the Altair Project Approvals.

C. This Board of Directors, therefore, hereby finds and determines that the Facilities, the Conservation Fee and the Services are exempt from CEQA pursuant to CEQA Guidelines Section 15182 as the Facilities, the Conservation Fee and the Services are in conformity with the Altair Project Approvals. This Board of Directors further finds and determines that the funding of the Facilities, the Conservation Fee and the Services does not require the preparation of a Subsequent Environmental Impact Report as none of the conditions described in Section 15162 of the CEQA Guidelines (14 Cal. Code Regs. 15162) exist. Specifically, there are no substantial changes proposed by the funding of the Facilities, the Conservation Fee and the Services that will require major revisions of the previous EIR approved by City Council Resolution No. 17-86 due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. Additionally, no substantial changes have occurred with respect to the circumstances under which the proposed project are undertaken that will require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and there is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was adopted, showing that: (a) the proposed project will have one or more significant effects not discussed in the EIR; (b) there are significant effects previously examined that will be substantially more severe than shown in the EIR; (c) there are mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the proposed project, but the City declined to adopt the mitigation measure or alternative; or (d) mitigation measures or alternatives which are considerably different from those analyzed in the EIR would substantially reduce one or more significant effects on the environment, but the City declined to adopt the mitigation measure or alternative. The Facilities, the Conservation Fee and the Services for the Altair Project are consistent with the Altair Project Approvals that was analyzed by the EIR. The Facilities, the Conservation Fee and Services are required to meet all requirements and mitigation contained in the EIR.

Section 18. The Acquisition Agreement to be entered into by Authority, for and on behalf of the District, and the Developer, in the form on file with the Secretary, is hereby approved. The Executive Director is hereby authorized to execute and deliver the Acquisition Agreement in said form, with such additions thereto or changes therein as are deemed necessary, desirable or appropriate by the Executive Director upon consultation with the Authority’s General Counsel

and Formation Counsel, the approval of such changes to be conclusively evidenced by the execution and delivery by the Executive Director of the Acquisition Agreement.

Section 19. This Resolution shall take effect upon its adoption.

**PASSED, APPROVED, AND ADOPTED** by the Board of Directors of the Temecula Public Financing Authority this 13<sup>th</sup> day of February, 2024.

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James Stewart, Chair

ATTEST:

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Randi Johl, Secretary

[SEAL]



STATE OF CALIFORNIA     )  
COUNTY OF RIVERSIDE    ) ss  
CITY OF TEMECULA         )

I, Randi Johl, Secretary of the Temecula Public Financing Authority, do hereby certify that the foregoing Resolution No. TPFA 2024-         was duly and regularly adopted by the Board of Directors of the Temecula Public Financing Authority at a meeting thereof held on the 13<sup>th</sup> day of February, 2024, by the following vote:

AYES:                   BOARD MEMBERS:

NOES:                   BOARD MEMBERS:

ABSTAIN:               BOARD MEMBERS:

ABSENT:                BOARD MEMBERS:

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Randi Johl, Secretary

## EXHIBIT A

### TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 23-01 (ALTAIR)

#### DESCRIPTION OF FACILITIES AND SERVICES TO BE FUNDED BY THE DISTRICT FACILITIES

It is proposed that the District be eligible to finance all or a portion of the costs of the following facilities:

- The acquisition and construction of: streets (including paving, aggregate base, striping and traffic marking, sidewalks, curbs, gutters and driveways), and traffic signals within and in the vicinity of the District; stormwater drainage systems (including storm drain lines, inlets, outlets, channels, structures, junctions, manholes, catch basins and related dewatering); street light improvements (including light fixtures, substructures, conduits and service points of connection); and street signage (including traffic, stop and street name signs).

The foregoing are to include the acquisition of any related right-of-way and other land needed for the installation of any such improvements, demolition of existing structures and site leveling needed for the installation of any such improvements, erosion control, and other appurtenances.

- Landscaping improvements in the public right of way, including related appurtenances.
- Amenities for parks located within and in the vicinity of the District.
- Capital improvements included in the City of Temecula's adopted Capital Improvement Program.
- Sewer system improvements to be designated by the Eastern Municipal Water District.
- Water system improvements to be designated by the Rancho California Water District.
- School improvements to be designated by the Temecula Valley Unified School District, which may include construction of buildings, equipping of school facilities, and acquisition of support and other appurtenances with a useful life of five years or more.

The Facilities include the acquisition of land or real property interests, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, the cost of any required environmental mitigation and any required noise mitigation measures, landscaping and irrigation, soils testing, permits, plan check and inspection fees,

insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

### CONSERVATION FEE

It is proposed that the District be eligible to fund the Annual Wildlife Conservation Fee, as defined and more particularly identified in Section 4.4.5(v) of the Development Agreement, entered into as of January 9, 2018, between City of Temecula and Temecula West Village, LLC, subsequently assigned to SB Altair, LLC.

### MUNICIPAL SERVICES

It is proposed that the District be eligible to fund all or a portion of the costs of the following municipal services:

- Public safety services, including police, fire protection and suppression services, and ambulance and paramedic services.
- Maintenance of landscaping in public areas, public easements and public right of way in or near the area of the District, such maintenance to include but not be limited to maintenance of planting areas, trees, bioretention filters, multipurpose trails, and the furnishing of water for irrigation.
- Maintenance of public signage in or near the District.
- Maintenance of storm protection and drainage systems within or serving the area of the District, and including storm drain pipes, culverts, detention/desilting basins, manholes, catch basins and drop inlets, cleanout of storm drains and catch basin cleaning and inspection.
- Maintenance of sidewalks, streets and roadways within or in the vicinity of the area of the District, and including slurry, overlay, curbs and gutters, curb ramps, striping and street sweeping.
- Maintenance of street lighting located within or in the vicinity of the District, and including but not limited to street lights, decorative lighting and pull box assemblies.
- Maintenance of traffic signals, and traffic interconnection and video surveillance systems, within and in the vicinity of the District, and including but not limited to electrical, LED replacement, maintenance and replacement.
- Graffiti removal from public improvements within and in the area of the District.
- Maintenance and lighting of parks, parkways and open space.
- Maintenance of water and sewer systems with an estimated useful life of five or more years and serving the area in or in the general area of the District and owned by the Temecula Public Financing Authority, the City of Temecula or by another local agency pursuant to a joint community facilities agreement or a joint exercise of

powers agreement adopted pursuant to Section 53316.2 of the California Government Code.

The District may fund any of the following related to the services described above: the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the improvements, including repair, removal or replacement of all or part of any of the improvements, the furnishing of water for the irrigation and the furnishing of electric current or energy, for any lights or irrigation facilities, obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/or equipment, apparatus, facilities or fixtures in areas to be maintained, obtaining supplies or appurtenant facilities necessary for such maintenance, paying the salaries and benefits of personnel necessary or convenient to provide the services, payment of insurance costs and other related expenses. The District may also provide for the reimbursement to the City of Temecula to the extent that the City of Temecula advances funds to pay for any of the foregoing services, and may fund reserves for repairs and replacements and for future expected costs of services. It is expected that the services will be provided by the City of Temecula, either with its own employees or by contract with third parties, or any combination thereof.

The services to be financed by the District shall be in addition to those provided in the territory of the District before the date of creation of the District, and will not supplant services already available within that territory when the District is created.

#### ADMINISTRATIVE EXPENSES

The administrative expenses to be financed by the District include the direct and indirect expenses incurred by the Authority and the City in carrying out their respective duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County of Riverside related to the District or the collection of special taxes, an allocable share of the salaries of the Authority and City staff directly related thereto and a proportionate amount of the Authority's and the City's general administrative overhead related thereto, any amounts paid by the Authority and the City from its respective general fund with respect to the District or the facilities, conservation fee and services authorized to be financed by the District, and expenses incurred by the Authority and the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the Authority and City in any way related to the District.

#### OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriters discount, appraisal and price point study costs, reserve fund, capitalized interest, bond and disclosure counsel fees and expenses, landowner counsel fees and expenses, and all other incidental expenses related to any special tax bonds (the "Bonds") issued for the District.

2. Administrative fees of the Bond trustee or fiscal agent related to the District and the Bonds.

3. Reimbursement of costs related to the formation of the District advanced by the Authority, the City of Temecula, any landowner in the District, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the Authority, the City of Temecula, any landowner in the District or any party related to any of the foregoing, for facilities, conservation fees, services or other purposes or costs of the District.

## EXHIBIT B

### **RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR IMPROVEMENT AREA NO. 1 OF THE TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 23-01 (ALTAIR)**

The following sets forth the Rate and Method of Apportionment of Special Tax for the levy and collection of an Annual Special Tax A, an Annual Special Tax B, and an Annual Special Tax C in Improvement Area No. 1 of the Temecula Public Financing Authority (“Authority”) Community Facilities District No. 23-01 (Altair) (“CFD No. 23-01 IA No. 1”). An Annual Special Tax A, an Annual Special Tax B, and an Annual Special Tax C shall be levied on property in CFD No. 23-01 IA No. 1 and collected in CFD No. 23-01 IA No. 1 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment of Special Tax described below. All of the real property within CFD No. 23-01 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.

#### **SECTION 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 the Assessor’s Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area as calculated by the CFD Administrator or City Engineer.

**“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 the actual or reasonably estimated costs directly related to the administration of CFD No. 23-01 IA 1, including but not limited to the following: (i) the costs of computing Special Tax A, Special Tax B, and Special Tax C (collectively, the “Special Taxes”) and of preparing the annual Special Tax A, Special Tax B, and Special Tax C collection schedules (whether by the CFD Administrator or designee thereof, or both); (ii) the costs of collecting the Special Taxes (whether by the Authority, County, City, or otherwise); (iii) the costs of remitting the Special Taxes to the fiscal agent or trustee for any Bonds; (iv) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Tax A; (v) the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture; (vi) the costs of the Authority, City, or designee of complying with arbitrage rebate, mandated reporting and disclosure requirements of applicable federal and State of California laws, and responding to property owner or Bond owner inquiries regarding the Special Taxes; (vii) the costs associated with the release of funds from any escrow account; (viii) the costs of the Authority, City, or designee related to any appeal of a Special Tax;

and (ix) an allocable share of the salaries of the City staff and City overhead expense directly relating to the foregoing. Administrative Expenses shall also include amounts advanced by the City or the Authority for any administrative purposes of CFD No. 23-01 IA No. 1.

**“Annual Special Tax A”** means for each Assessor’s Parcel, the Special Tax A actually levied in a given Fiscal Year on any Assessor’s Parcel.

**“Annual Special Tax B”** means for each Assessor’s Parcel, the Special Tax B actually levied in a given Fiscal Year on any Assessor’s Parcel.

**“Annual Special Tax C”** means for each Assessor’s Parcel, the Special Tax C actually levied in a given Fiscal Year on any Assessor’s Parcel.

**“Approved Property”** means all Assessor’s Parcels of Taxable Property other than Provisional Exempt Property: (i) that are included in a Final Map that was recorded prior to the January 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied, and (ii) that have not been issued a building permit on or before the April 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied.

**“Assessor”** means the County Assessor of the County.

**“Assessor’s Parcel”** means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 23-01 IA No. 1.

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

**“Assessor’s Parcel Number”** means that number assigned to a lot or parcel of land by the Assessor for purposes of identification.

**“Assigned Annual Special Tax A”** means the Special Tax A as described in Section D below.

**“Authority”** means the Temecula Public Financing Authority.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by CFD No. 23-01, as identified in the list of authorized facilities approved by the Resolution of Formation of CFD No. 23-01 adopted by the Board of Directors when CFD No. 23-01 was formed.

**“Authorized Services”** means the services authorized to be funded, in whole or in part, by CFD No. 23-01, as identified in the list of authorized services approved by the Resolution of Formation of CFD No. 23-01 adopted by the Board of Directors when CFD No. 23-01 was formed.

**“Attached Residential Property”** means Residential Property that shares at least one common wall with one or more Units of Residential Property.

**“Backup Annual Special Tax A”** means the Special Tax A as described in Section E below.

**“Board of Directors”** means the Board of Directors of the Temecula Public Financing Authority, acting as the legislative body of CFD No. 23-01, or its designee.

**“Bonds”** means any bonds or other indebtedness (as defined in the Act), whether in one or more series, the repayment of which is secured by a pledge of the proceeds of the levy of Special Tax A on Assessor’s Parcels within CFD No. 23-01 IA No. 1.

**“Boundary Map”** means a recorded map of CFD No. 23-01 which indicates the boundaries of CFD No. 23-01 IA No. 1.

**“Building Permit”** means the first legal document issued by the City giving official permission for new construction. For purposes of this definition, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

**“Building Square Footage” or “BSF”** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel and subject to verification by the CFD Administrator.

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

**“CFD No. 23-01”** means the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) formed by the Authority under the Act.

**“CFD No. 23-01 IA No. 1”** means Improvement Area No. 1 of the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) formed by the Authority under the Act.

**“CFD Administrator”** means the Finance Director of the City, or designee thereof, responsible for, among other things, determining the Special Tax A Requirement, the Special Tax B Requirement, and the Special Tax C Requirement and providing for the levy and collection of Special Tax A, Special Tax B, and Special Tax C.

**“City”** means the City of Temecula, California.

**“Conservation Fee”** means the Annual Wildlife Conservation Fee, as defined and more particularly identified in Section 4.4.5(v) of the Development Agreement, entered into as of January 9, 2018, between City of Temecula and Temecula West Village, LLC, subsequently assigned to SB Altair, LLC.

**“Consumer Price Index” or “CPI”** means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers: in the Los Angeles – Anaheim – Riverside Area”, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer



Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

**“County”** means the County of Riverside.

**“Detached Residential Property”** means Residential Property that is not classified as Attached Residential Property.

**“Developed Property”** means all Assessor’s Parcels of Taxable Property that: (i) are included in a Final Map that was recorded prior to January 1<sup>st</sup> preceding the Fiscal Year in which Special Tax A, Special Tax B, and Special Tax C are being levied, and (ii) for which a building permit was issued on or before April 1<sup>st</sup> preceding the Fiscal Year in which any or all of the Special Taxes are being levied.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from the Special Taxes provided for in Section P.

**“Final Map”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots that do not need, and are not expected, to be further subdivided prior to the issue of a building permit.

**“Fiscal Year”** means the period commencing July 1 of any year and ending the following June 30.

**“Improvement Area No. 1” or “IA No. 1”** means the property in CFD No. 23-01 designated as Improvement Area No. 1 on the Boundary Map.

**“Indenture”** means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Land Use Type”** means Residential Property or Non-Residential Property.

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

**“Maximum Special Tax B”** means for each Assessor’s Parcel of Taxable Property, the maximum Special Tax B, determined in accordance with Section I that can be levied in any Fiscal Year on such Assessor’s Parcel.

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

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section H.

**“Prepayment Amount”** means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

**“Proportionately”** means for Special Tax A that the ratio of the Annual Special Tax A levy to the applicable Assigned Annual Special Tax A is equal for all applicable Assessor’s Parcels. In the case of Special Tax B and Special Tax C, “Proportionately” means that the ratio of the Annual Special Tax B levy to the applicable Maximum Special Tax B and the Annual Special Tax C to the applicable Maximum Special Tax C, respectively, is equal for all applicable Assessor’s Parcels. In the case of Developed Property subject to the apportionment of the Annual Special Tax A under Step Four of Section F, “Proportionately” means that the quotient of (a) Annual Special Tax A less the Assigned Annual Special Tax A divided by (b) the Backup Annual Special Tax A less the Assigned Annual Special Tax A, is equal for all applicable Assessor’s Parcels.

**“Provisional Exempt Property”** means all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of Section P, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property within the applicable Zone below the required minimum Acreage set forth in Section P.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Special Tax(es)”** means any of the Special Taxes authorized to be levied on Taxable Property within and for CFD No. 23-01 IA No. 1 pursuant to the Act to fund the Special Tax A Requirement, Special Tax B Requirement, and/or the Special Tax C Requirement.

**“Special Tax A”** means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-01 IA No. 1 pursuant to the Act to fund the Special Tax A Requirement.

**“Special Tax B”** means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-01 IA No. 1 pursuant to the Act to fund the Special Tax B Requirement.

**“Special Tax C”** means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 23-01 IA No. 1 pursuant to the Act to fund the Special Tax C Requirement.

**“Special Tax A Requirement”** means, subject to the Maximum Special Tax A, the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding

Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B), (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (iv) the collection or accumulation of funds for the acquisition or construction of Authorized Facilities or payment of fees authorized by CFD No. 23-01 IA No. 1 by the levy on Developed Property of the Assigned Annual Special Tax A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three of Section F., less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable Indenture.

**“Special Tax B Requirement”** means, subject to the Maximum Special Tax B, that amount to be collected in any Fiscal Year to pay for Authorized Services as required to meet the needs of CFD No. 23-01 IA No. 1. The costs of services to be covered shall be the direct costs for (i) Authorized Services, and (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B); less (iii) a credit for funds available to reduce the Annual Special Tax B levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

**“Special Tax C Requirement”** means, subject to the Maximum Special Tax C, that amount to be collected in any Fiscal Year to pay for the Conservation Fee as required to meet the needs of CFD No. 23-01 IA No. 1. The costs of the Conservation Fee to be covered shall be the direct costs for (i) the Conservation Fee, and (ii) Administrative Expenses; less (iii) a credit for funds available to reduce the Annual Special Tax C levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax C Requirement include amounts needed to repay Bonds.

**“Taxable Property”** means all Assessor’s Parcels within CFD No. 23-01 IA No. 1, which are not Exempt Property.

**“Temecula Public Financing Authority” or “PFA” or “Authority”** means the Temecula Public Financing Authority or its designee.

**“Undeveloped Property”** means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Exempt Property.

**“Unit”** means any residential structure.

**“Zone(s)”** means Zone 1 or Zone 2.

**“Zone 1”** means all Taxable Property located within lots 1 – 4 of Tentative Tract Map No. 36959-1.

**“Zone 2”** means all Taxable Property located within lots 5 and 6 of Tentative Tract Map No. 36959-1.

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

Each Fiscal Year, beginning with Fiscal Year 2024-25, each Assessor's Parcel within CFD No. 23-01 IA No. 1 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Exempt Property. In addition, each Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property and Provisional Exempt Property shall be classified as being within Zone 1 or Zone 2. If an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Exempt Property is located within more than one Zone, it shall be deemed to be entirely within the Zone in which the largest portion of its Acreage is located. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Assessor's Parcels of Residential Property shall be further be classified as Attached Residential Property or Detached Residential Property and categorized based on the Building Square Footage of each such Assessor's Parcel.

## **SECTION C MAXIMUM SPECIAL TAX A**

### **1. Developed Property**

The Maximum Special Tax A for each Assessor's Parcel of Residential Property or Non-Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A or (ii) the Backup Annual Special Tax A.

### **2. Approved Property, Undeveloped Property, and Provisional Exempt Property**

The Maximum Special Tax A for each Assessor's Parcel classified as Approved Property, Undeveloped Property, or Provisional Exempt Property in any Fiscal Year shall be the Assigned Annual Special Tax A.

## **SECTION D ASSIGNED ANNUAL SPECIAL TAX A**

### **1. Developed Property**

Each Fiscal Year, each Assessor's Parcel of Residential Property or Non-Residential Property shall be subject to an Assigned Annual Special Tax A.

The Assigned Annual Special Tax A applicable to an Assessor's Parcel of Developed Property shall be determined using the Tables below.

**TABLE 1**  
**ASSIGNED ANNUAL SPECIAL TAX A RATES**  
**FOR DEVELOPED PROPERTY WITHIN ZONE 1**

<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Rate</b>
Attached Residential Property	Less than 1,750	\$5,310 per Unit
Attached Residential Property	1,750 – 1,849	\$5,590 per Unit
Attached Residential Property	1,850 – 1,949	\$5,870 per Unit
Attached Residential Property	Greater than 1,949	\$6,150 per Unit
Detached Residential Property	Less than 2,000	\$6,040 per Unit
Detached Residential Property	2,000 – 2,099	\$6,290 per Unit
Detached Residential Property	Greater than 2,099	\$6,540 per Unit
Non-Residential Property	N/A	\$61,251 per Acre

**TABLE 2**  
**ASSIGNED ANNUAL SPECIAL TAX A RATES**  
**FOR DEVELOPED PROPERTY WITHIN ZONE 2**

<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Rate</b>
Attached Residential Property	Less than 1,800	\$5,685 per Unit
Attached Residential Property	1,800 – 1,899	\$5,835 per Unit
Attached Residential Property	Greater than 1,899	\$5,985 per Unit
Detached Residential Property	Less than 2,000	\$6,040 per Unit
Detached Residential Property	2,000 – 2,099	\$6,290 per Unit
Detached Residential Property	Greater than 2,099	\$6,540 per Unit
Non-Residential Property	N/A	\$59,860 per Acre

**2. Approved Property, Undeveloped Property and Provisional Exempt Property**

Each Fiscal Year, each Assessor's Parcel of Approved Property, Undeveloped Property and Provisional Exempt Property shall be subject to an Assigned Annual Special Tax A. The Assigned Annual Special Tax A rate for an Assessor's Parcel classified as Approved Property, Undeveloped Property or Provisional Exempt Property shall be determined pursuant to Table 3 below:

**TABLE 3**  
**ASSIGNED ANNUAL SPECIAL TAX RATES**  
**FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,**  
**AND PROVISIONAL EXEMPT PROPERTY**

<b>Zone</b>	<b>Rate</b>
Zone 1	\$61,251 per Acre
Zone 2	\$59,860 per Acre

## **SECTION E**

### **BACKUP ANNUAL SPECIAL TAX A**

At the time a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Annual Special Tax A for all Assessor's Parcels classified or reasonably expected to be classified as Residential Property within such Final Map area shall be determined by multiplying the Maximum Special Tax A rate for Undeveloped Property for the applicable Zone by the total Acreage of Taxable Property, excluding the Provisional Exempt Property Acreage or Non-Residential Property Acreage if any, in such Final Map area and any Acreage reasonably expected to be classified as Exempt Property, and dividing such amount by the total number of such Assessor's Parcels of Residential Property.

If the Final Map area described in the preceding paragraph lies within more than one Zone, the Backup Annual Special Tax A for Assessor's Parcels of Residential Property or Assessor's Parcels expected to be classified as Residential Property shall be determined by calculating a Backup Special Tax A rate based upon the weighted average of the Maximum Special Tax A rate for Undeveloped Property for the Zones which the Assessor's Parcel overlaps using the acreage of the Assessor's Parcel that lies within each overlapping Zone and multiplying that weighted average Maximum Special Tax A rate by the total Acreage of the subject Assessor's Parcel.

The Backup Annual Special Tax A rate for Non-Residential Property shall be its Annual Assigned Special Tax A rate.

Notwithstanding the foregoing, if Assessor's Parcels which are classified or to be classified as Residential Property or Non-Residential Property are subsequently changed by recordation of a lot line adjustment, Final Map amendment, new Final Map or similar instrument, then the Backup Annual Special Tax A shall be recalculated within the area that has been changed to equal the amount of Backup Annual Special Tax A that would have been generated if such change did not take place.

## **SECTION F**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2024-25 and for each subsequent Fiscal Year, the Board of Directors shall levy Annual Special Tax A in accordance with the following steps:

- Step One: The Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax A rates in Tables 1, 2, and 3 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the applicable Assigned Annual Special Tax A to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Annual Special Tax A shall be levied

Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Assigned Annual Special Tax A for Undeveloped Property applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

**Step Four:** If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, the Annual Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Annual Special Tax A shall be increased Proportionately from the Assigned Annual Special Tax A up to 100% of the Backup Annual Special Tax A as needed to satisfy the Special Tax A Requirement.

**Step Five:** If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Exempt Property up to 100% of the Assigned Annual Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Tax A levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

## **SECTION G PREPAYMENT OF ANNUAL SPECIAL TAX A**

The following definitions apply to this Section G:

**“CFD Public Facilities Amount”** means \$17,265,000 expressed in 2024 dollars, which shall increase by the Construction Inflation Index on July 1, 2025, 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 under the authorized bonding program, or (ii) shall be determined by the Board of Directors concurrently with a covenant that the CFD will not issue any more Bonds.

**“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 Construction 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 Amount minus (i) Bond proceeds deposited in Improvement Funds and accounts and (ii) other amounts (special taxes, interest earnings, etc.) allocated to Improvement Funds and accounts that were available to fund such CFD Public Facilities Amount prior to the date of prepayment.

**“Improvement Fund”** means, collectively, an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities

eligible under the Act and any account established prior to the issuance of Bonds for such purpose.

**“Outstanding Bonds”** means all previously issued Bonds, which will remain outstanding after the payment of principal from the amount of Special Tax A that have been levied, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Special Tax A.

### **Prepayment in Full**

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor’s Parcels of Developed Property, (ii) Assessor’s Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor’s Parcels of Provisional Exempt Property that are not Exempt Property pursuant to Section P. The Maximum Special Tax A obligation applicable to a Assessor’s Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Tax A with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor’s Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor’s Parcel. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor’s Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

The Prepayment Amount shall be determined by the CFD Administrator as of the proposed prepayment date as follows:

1. Confirm that no Special Tax A delinquencies apply to such Assessor’s Parcel.
2. For an Assessor’s Parcel of Developed Property, compute the Maximum



Special Tax A for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued or Provisional Exempt Property, to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.

3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Tax A that could be levied at the Maximum Special Tax A for all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A, including for Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").
8. Determine 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 on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Tax A levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the

Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the “Defeasance Amount”).
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor’s Parcel and the redemption of Outstanding Bonds (the “Administrative Fees and Expenses”).
13. The reserve fund credit (the “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. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Improvement Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax A levy as determined pursuant to paragraph 9 above, if applicable and possible, the CFD Administrator shall remove the current Fiscal Year’s Special Tax A levy for the Assessor’s Parcel from the County tax roll. With respect to any Assessor’s Parcel for which the Maximum Special Tax A obligation is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special

Tax A lien for the Assessor's Parcel, and the obligation to pay the Special Tax A for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property, excluding all Provisional Exempt Property and all Assessor's Parcels with delinquent Special Taxes, after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the Board of Directors pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board of Directors.

## **SECTION H**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP= Partial Prepayment

P<sub>E</sub>= the Prepayment Amount calculated according to Section G

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 business days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment as provided in

Paragraph 15 of Section G and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section F.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property, excluding all Provisional Exempt Property and all Assessor's Parcels with delinquent Special Taxes, after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

## **SECTION I MAXIMUM SPECIAL TAX B**

### **1. Developed Property**

#### **Maximum Special Tax B**

Each Fiscal Year, each Assessor's Parcel of Residential Property or Non-Residential Property shall be subject to a Maximum Annual Special Tax B.

The Maximum Annual Special Tax B applicable to an Assessor's Parcel of Developed Property shall be determined using Table 4 below.

**TABLE 4  
MAXIMUM SPECIAL TAX B RATES  
FOR DEVELOPED PROPERTY  
FISCAL YEAR 2023-24**

<b>Land Use Type</b>	<b>Rate</b>
Residential Property	\$237 per Unit
Non-Residential Property	\$2,398 per Acre

### **2. Approved Property, Undeveloped Property and Provisional Exempt Property**

No Special Tax B shall be levied on Approved Property, Undeveloped Property, and Provisional Exempt Property.

### **3. Increase in the Maximum Special Tax B**

On each July 1, commencing July 1, 2024, the Maximum Special Tax B shall be increased by an amount equal to five and six-tenths percent (5.6%) of the amount in effect for the previous Fiscal Year.

**SECTION J**  
**METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2024-25 and for each following Fiscal Year, the City shall levy the Special Tax B at up to 100% of the applicable Maximum Special Tax B, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax B equals the Special Tax B Requirement.

**SECTION K**  
**PREPAYMENT OF ANNUAL SPECIAL TAX B**

No prepayments of Annual Special Tax B are permitted.

**SECTION L**  
**MAXIMUM SPECIAL TAX C**

**1. Developed Property**

**Maximum Special Tax C**

Each Fiscal Year, each Assessor's Parcel of Residential Property or Non-Residential Property shall be subject to a Maximum Annual Special Tax C.

The Maximum Annual Special Tax C applicable to an Assessor's Parcel of Developed Property shall be determined using Table 5 below.

**TABLE 5**  
**MAXIMUM SPECIAL TAX C RATES**  
**FOR DEVELOPED PROPERTY**  
**FISCAL YEAR 2023-24**

<b>Land Use Type</b>	<b>Rate</b>
Residential Property	\$43 per Unit
Non-Residential Property	\$435 per Acre

**2. Approved Property, Undeveloped Property and Provisional Exempt Property**

No Special Tax C shall be levied on Approved Property, Undeveloped Property, and Provisional Exempt Property.

**3. Increase in the Maximum Special Tax C**

On each July 1, commencing July 1, 2024, the Maximum Special Tax C shall be increased by an amount equal to two percent (2.0%) of the amount in effect for the previous Fiscal Year.

**SECTION M**  
**METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX C**

Commencing with Fiscal Year 2024-25 and for each following Fiscal Year, the City shall levy the Special Tax C at up to 100% of the applicable Maximum Special Tax C, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax C equals the Special Tax C Requirement.

**SECTION N**  
**PREPAYMENT OF ANNUAL SPECIAL TAX C**

No prepayments of Annual Special Tax C are permitted.

**SECTION O**  
**TERM OF THE SPECIAL TAX A, SPECIAL TAX B, AND SPECIAL TAX C**

The Annual Special Tax A shall be levied on all Assessor's Parcels subject to the Annual Special Tax A commencing in Fiscal Year 2024-25 and in each Fiscal Year thereafter as necessary to satisfy the Special Tax A Requirement. If any delinquent Annual Special Tax A amounts remain uncollected prior to or after all Bonds are retired, the Annual Special Tax A may be levied to the extent necessary to reimburse CFD No. 23-01 IA No. 1 for uncollected Annual Special Tax A amounts associated with the levy of such Annual Special Tax A amounts, but not later than the 2067-68 Fiscal Year.

For each Fiscal Year, Special Tax B and Special Tax C shall be levied in perpetuity as long as the Authorized Services and the Conservation Fee, respectively, are being provided or required, as applicable.

**SECTION P**  
**EXEMPT PROPERTY**

The CFD Administrator shall classify as Exempt Property within the applicable Zone, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) other types of public uses determined by the CFD Administrator. The CFD Administrator shall classify such Assessor's Parcels as Exempt Property in the chronological order in which property becomes Exempt.

Notwithstanding the foregoing, the CFD Administrator for purposes of levying the Special Tax shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property within the applicable Zone to less than the Acreage amounts listed in

Table 6 below. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property within the applicable Zone to less than the Acreage amounts listed in Table 6 will be classified as Provisional Exempt Property, and will be subject to the levy of Special Tax pursuant to Step Five in Section F.

**TABLE 6  
MINIMUM TAXABLE ACRES**

<b>Zone</b>	<b>Acres</b>
Zone 1	14.04
Zone 2	11.16

## **SECTION Q APPEALS AND INTERPRETATIONS**

Any property owner claiming that the amount or application of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C is not correct may file a written notice of appeal with the CFD Administrator in any Fiscal Year not later than twelve months after having paid the first installment of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C that is disputed for the applicable Fiscal Year. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C, and rule on the appeal. If the CFD Administrator's decision requires that the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy in the case of the Annual Special Tax A), but an adjustment shall be made to the Annual Special Tax A, Annual Special Tax B, or Annual Special Tax C on that Assessor's Parcel in the subsequent Fiscal Year(s).

The Board of Directors may interpret this Rate and Method of Apportionment of Annual Special Tax A, Annual Special Tax B, and Annual Special Tax C for purposes of clarifying any ambiguity and make determinations relative to the amount of Administrative Expenses.

## **SECTION R MANNER OF COLLECTION**

The Annual Special Tax A, Annual Special Tax B, and Annual Special Tax C shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD No. 23-01 IA No. 1 may collect the Annual Special Tax A, Annual Special Tax B, and Annual Special Tax C at a different time or in a different manner if necessary to meet its financial obligations.

## EXHIBIT C

### TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 23-01 (ALTAIR)

#### NOTICE OF PUBLIC HEARING

Notice is hereby given that the Board of Directors of the Temecula Public Financing Authority will conduct a public hearing on Tuesday, March 26, 2024 at 6:00 p.m. or as soon thereafter as practicable, in the Temecula City Council chambers located at 41000 Main Street, Temecula, California, to consider the following:

### INTENT TO FORM TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO 23-01 (ALTAIR)

On February 13, 2024, the Board of Director's of the Temecula Public Financing Authority adopted a Resolution entitled "A Resolution of the Board of Directors of the Temecula Public Financing Authority Declaring Its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein – Altair" (the "Resolution of Intention"). Reference is hereby made to the Resolution of Intention on file in the office of the Secretary of the Temecula Public Financing Authority for further particulars.

In the Resolution of Intention, the Board of Directors declared its intention to establish (i) the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) (the "District"), (ii) Improvement Area No. 1 of the Temecula Public Financing Authority Community Facilities District No. 23-01 (Altair) ("Improvement Area No. 1"), and (iii) a future annexation area for the District (the "Future Annexation Area"), all in order to fund costs of certain public improvements, a conservation fee and municipal services identified in an exhibit to the Resolution of Intention. The proposed boundaries of the District, Improvement Area No. 1 and the Future Annexation Area were identified, and the Resolution of Intention identified a proposed special tax to be levied on real property to be included in Improvement Area No. 1 to fund costs of the public improvements, the conservation fee and the municipal services, and/or to pay debt service on bonds to be issued, in a principal amount not to exceed \$25,000,000, for Improvement Area No. 1 and not to exceed \$70,000,000 for property in the Future Annexation Area that may be annexed to the CFD, in order to finance costs of the public improvements.

In the Resolution of Intention, the Board of Directors provided that the levy of the special tax will be subject to a mailed ballot election among the landowners in Improvement Area No. 1. The Board of Directors authorized the Executive Director of the Temecula Public Financing Authority to execute a joint community facilities agreement with each of the City of Temecula, the Eastern Municipal Water District, the Rancho California Water District and any other public entity that will own and/or operate any of the public improvements, or that will provide any of



the services, to be funded by the community facilities district; the Board of Directors ordered the Director of Public Works of the City to prepare a report on the District, the Improvement Area No. 1 and the Future Annexation Area, and called for a public hearing on the District, the Improvement Area No. 1 and the Future Annexation Area. The Resolution of Intention also authorized the Executive Director of the Temecula Public Financing Authority to execute an Acquisition Agreement with SB Altair, LLC relative to the construction and financing of improvements authorized to be financed by the District, in the form on file with the Secretary of the Authority.

At the hearing, the testimony of all interested persons or taxpayers, including all persons owning property within the District, including Improvement Area No. 1, for or against the establishment of the District and Improvement Area No. 1, the Special Tax to be levied in Improvement Area No. 1, the extent of the District and Improvement Area No. 1 and the furnishing of the specified Facilities and Services and the Conservation Fee, will be heard. Any person interested may file a protest in writing. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. All written protests must be filed with the Secretary of the Authority at or before the time fixed for the hearing.

If 50% or more of the registered voters, or six registered voters, whichever is more, residing in the territory proposed to be included in Improvement Area No. 1, or the owners of one-half or more of the area of land in the territory proposed to be included in Improvement Area No. 1 and not exempt from the Special Tax to be levied in Improvement Area No. 1, file written protests against the establishment of the District and Improvement Area No. 1 and the protests are not withdrawn to reduce the value of the protests to less than a majority, the Board of Directors shall take no further action to create the District and Improvement Area No. 1 or levy the Special Tax in Improvement Area No. 1 for a period of one year from the date of decision of the Board of Directors, and, if the majority protests of the registered voters or landowners are only against the furnishing of a type or types of Facilities or Services or the Conservation Fee within the District and Improvement Area No. 1, or against levying a specified part of the Special Tax in Improvement Area No. 1, those types of Facilities or Services or the Conservation Fee, or the specified part of the Special Tax to be levied in Improvement Area No. 1 will be eliminated from the proceedings to form the District and Improvement Area No. 1.

In addition, at the hearing, the testimony of all interested persons for and against the establishment of the Future Annexation Area or the levying of special taxes within any portion of the Future Annexation Area annexed in the future to the District will be heard. If 50% or more of the registered voters, or 6 registered voters, whichever is more, residing within the proposed territory of the District, or if 50% or more of the registered voters, or 6 registered voters, whichever is more, residing in the territory proposed to be included in the Future Annexation Area, or the owners of 50% or more of the area of land in the territory proposed to be included in the District or in the Future Annexation Area, file written protests against the establishment of the Future Annexation Area and the protests are not withdrawn to reduce the value of the protests to less than a majority, the Board of Directors shall take no further action to create the Future Annexation Area for a period of one year from the date of decision of the Board of Directors.

Any person interested in these matters is invited to comment either for or against the above item. If you challenge the proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the Secretary of the Authority at or prior to the public hearing.

If there is no majority protest, the Board of Directors may submit the levy of the Special Tax in Improvement Area No. 1 for voter approval at a special election. The voting procedure shall be by mail ballot among the property owners in Improvement Area No. 1. The Special Tax requires the approval of 2/3rds of the votes cast at a special election by the property owner voters of Improvement Area No. 1, with each owner having one vote for each acre or portion thereof such owner owns in Improvement Area No. 1 not exempt from the Special Tax.

/s/ Randi Johl  
Secretary, Temecula  
Public Financing Authority