



*The San Jacinto Difference!*

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## **RESOLUTION NO. 20-21-15**

### **RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT APPROVING AND AUTHORIZING THE EXECUTION OF A MITIGATION AGREEMENT BETWEEN AND AMONG SAN JACINTO UNIFIED SCHOOL DISTRICT AND D.R. HORTON LOS ANGELES HOLDING COMPANY, INC. AND DELEGATING AUTHORITY RELATED THERETO**

**WHEREAS**, D.R. Horton Los Angeles Holding Company, Inc. (“Owner”) is the current owner of Tract Map No. 32053-1 within the City of San Jacinto (“City”) , consisting of uninhabited, undeveloped property proposed to be developed with sixty-seven (67) residential dwelling units (“DU” and “Project”), as to which there are no registered voters or others residing thereon;

**WHEREAS**, Owner requested that San Jacinto Unified School District (“School District”), for the herein described good and valuable consideration, enter into a School Facilities Funding and Mitigation Agreement between and among the District and Owner (“Mitigation Agreement”), attached hereto as Exhibit “A”;

**WHEREAS**, the School District agrees to accommodate the Owner’s request to form a community facilities district to be known as Community Facilities District No. 2020-1 of the San Jacinto Unified School District (“CFD No. 2020-1”);

**WHEREAS**, Owner and School District have agreed upon the terms for the mitigation of the impacts of the Project on the grade TK-12 school facilities of School District (“School Facilities”) as set forth in the Mitigation Agreement;

**WHEREAS**, Owner has requested that School District establish CFD No. 2020-1 for the purpose of funding the School Facilities, together with certain public improvements to be owned and operated by EMWD (“EMWD Facilities”) through the levy of special taxes of proposed CFD No. 2020-1 (“Special Taxes”) applicable to the Project and the issuance of bonds or other financing secured by the levy of Special Taxes (“Bonds”);

**WHEREAS**, the Board of Trustees of the School District (“Board”) has reviewed and considered the Mitigation Agreement relating to the School Facilities and EMWD Facilities of the Project.

**NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**Section 1.** The above recitals are true and correct and are incorporated herein by this reference.

**Section 2.** The Board hereby approves the Mitigation Agreement. The Board hereby authorizes and directs the Assistant Superintendent, Business Services (“Assistant Superintendent”), or designee, to sign and deliver the Mitigation Agreement in substantially the form described in the recitals above on behalf of the School District; provided, however, that the Assistant Superintendent, and/or School District’s legal counsel may authorize minor, non-substantive revisions to the Mitigation Agreement prior to signature and delivery thereof.

**Section 3.** The Board hereby authorizes and directs the Assistant Superintendent, or designees, to take all such further actions and to execute such additional documents as are necessary to implement the intent of this Resolution and the terms of the Mitigation Agreement.

**Section 4.** Following execution and notarization by all parties to the Mitigation Agreement, the Mitigation Agreement is authorized to be recorded.

**ADOPTED, SIGNED, AND APPROVED** this 13th day of October, 2020.

**BOARD OF TRUSTEES OF THE SAN  
JACINTO UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
John I. Norman, President, Board of  
Trustees of the San Jacinto Unified School  
District

By: \_\_\_\_\_  
Deborah Rex, Clerk, Board of Trustees of  
the San Jacinto Unified School District

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF RIVERSIDE                )

I, Deborah Rex, Clerk, Board of Trustees of the San Jacinto Unified School District, do hereby certify that the foregoing was duly adopted by the Board of Trustees of such District at a regular meeting of said Board held on the 13th day of October, 2020, of which meeting all of the members of the Board had due notice and at which a quorum thereof were present and acting throughout and for which notice and an agenda was prepared and posted as required by law and that at such meeting such resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Deborah Rex, Clerk, Board of Trustees of the San  
Jacinto Unified School District

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF RIVERSIDE                )

I, Deborah Rex, Clerk, Board of Trustees of the San Jacinto Unified School District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 20-21-15 of said Board, and that the same has not been rescinded, amended or repealed.

Dated this 13th day of October, 2020.

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Deborah Rex, Clerk, Board of Trustees of the San  
Jacinto Unified School District

**EXHIBIT “A”**

**SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT**

Recording by, and for the benefit of: )  
**San Jacinto Unified School District** )  
 )  
**When recorded, return to:** )  
 San Jacinto Unified School District )  
 c/o Atkinson, Andelson, Loya, Ruud & Romo )  
 20 Pacifica, Suite 1100 )  
 Irvine, CA 92618 )  
 Attn: Wendy H. Wiles )  
 )

Space above this line for Recorder's use only.  
 Exempt from recording fee pursuant to Gov. Code § 6103.

**SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT BETWEEN AND  
 AMONG SAN JACINTO UNIFIED SCHOOL DISTRICT AND D.R. HORTON LOS  
 ANGELES HOLDING COMPANY, INC.**

This SCHOOL FACILITIES FUNDING AND MITIGATION AGREEMENT BETWEEN AND AMONG SAN JACINTO UNIFIED SCHOOL DISTRICT AND D.R. HORTON LOS ANGELES HOLDING COMPANY, INC. ("Mitigation Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_ 2020, by and between the SAN JACINTO UNIFIED SCHOOL DISTRICT, a California public school district ("District") and D.R. HORTON LOS ANGELES HOLDING COMPANY, INC., a California corporation ("Owner"). The District and Owner may be hereinafter individually referred to as "Party" and collectively as "Parties."

**RECITALS**

A. Owner is the owner of that certain undeveloped real property located within Tract Map No. 32053-1 within the City of San Jacinto ("Property") which is also located within the boundaries of the District and the boundaries of the Eastern Municipal Water District ("EMWD"). The Property is described in Exhibit "A" and depicted in Exhibit "B".

B. Owner is proposing to develop the Property into approximately 67 residential dwelling units ("DUs") ("Project"). Owner is proposing that the District and Owner enter into a mitigation agreement and take steps to form a community facilities district expected to be designated as "Community Facilities District No. 2020-1 of the San Jacinto Unified School District" ("CFD No. 2020-1") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended ("Act"), to be formed to include the Property.

C. Owner and District have agreed upon the terms for the mitigation of the impacts of the Project on the grade TK-12 school facilities of District ("School Facilities") as herein set forth. Owner has requested that District establish CFD No. 2020-1 for the purpose of funding the School Facilities, together with certain public facilities and improvements to be owned and operated by EMWD ("EMWD Facilities"), through the levy of special taxes of proposed CFD No. 2020-1 ("Special Taxes") applicable to the Project and the issuance of bonds or other financing secured

by the Special Tax revenues (“Bonds”) as set forth as a pro-forma for example purposes only in Exhibit “C.” The agreed upon Rate and Method of Apportionment of the Special Taxes of proposed CFD No. 2020-1 (“RMA”) is attached hereto as Exhibit “D.”

D. Prior to the issuance of Bonds of the proposed CFD No. 2020-1, it is contemplated, as permitted by applicable law, that the District will approve and execute a joint community facilities agreement (“JCFA”) with EMWD pursuant to the provisions of the Act authorizing the funding, to the extent available, from proceeds of Bonds of CFD No. 2020-1, of the EMWD Facilities (collectively, with the School Facilities the “Public Facilities”), as described in Exhibit “E”.

E. In consideration of the District agreeing to finance the Mitigation Amount, as defined herein, and the execution and performance of this Mitigation Agreement by the Owner, the formation of CFD No. 2020-1, authorization of the Special Taxes, authorization and issuance of the Bonds in an amount sufficient to fully fund the Mitigation Amount for the Project as further set forth herein, the impacts of the Project on the School Facilities of the District shall be deemed fully mitigated.

## **AGREEMENT**

1. Incorporation of Recitals. All of the foregoing Recitals are true and correct and are incorporated in this Mitigation Agreement by reference.

2. Mitigation Amount. The “Mitigation Amount” for the Project shall be an amount equal to one hundred thirty percent (130%) of the greater of: (i) the District’s then-current statutory school fees, authorized under Education Code Section 17620 and Government Code Section 65995 (“Level 1 Fees”), or such successor statutes, or, (ii) the District’s then-current applicable alternative school fees authorized under Government Code Sections 65995.5 and 65995.7, or such successor statutes (“Level 2 and 3 Fees”). The calculation of the Mitigation Amount shall utilize the greater of the authorized per square foot amounts multiplied by the total “Assessable Space” (as defined in Government Code Section 65995, or successor statute) for each DU in the Project. The District shall also retain the annual Special Taxes that are not required for the payment of principal and interest on the Bonds, the costs of administration of CFD No. 2020-1, or replenishment of the Reserve Fund (as defined in Section 12) (“Special Tax Remainder”) as set forth in the pro-forma (provided for example purposes only) in Exhibit “C.” This Mitigation Agreement does not contemplate the development of senior citizen residential housing as provided in Government Code Section 65995.1 (“Senior DU”) or “Commercial/Industrial Development,” neither of which is included in the Mitigation Amount. Owner shall pay the then-current applicable statutory school fees pursuant to Education Code Section 17620, Government Code Section 65995, Section 65995.5 and/or Section 65995.7 as applicable for all Senior DUs and any Commercial/Industrial Development.

3. Purposes of Mitigation Agreement. The purposes of this Mitigation Agreement are: (i) to establish the Mitigation Amount; (ii) to establish a means for funding the Mitigation Amount; and (iii) to provide for funding, from the proceeds of Bonds of CFD No. 2020-1, if available, consistent with applicable law, the EMWD Facilities for the Project. In the event the

proposed CFD No. 2020-1 is not formed as a result of action or inaction by District and not due to the fault of Owner, this Mitigation Agreement shall be terminated and Owner shall pay applicable statutory schools fees to District for each DU within the Project. In the event all or a portion of the EMWD Facilities are not able to be financed, it shall not constitute a basis for terminating this Mitigation Agreement.

4. Formation of CFD No. 2020-1. Owner has requested that the Mitigation Amount for the Project be satisfied by means of the formation of CFD No. 2020-1 pursuant to the Act, the subsequent authorization and required payment of the Special Taxes, and issuance of the Bonds for the benefit of the District in lieu of paying statutory or alternative school fees to the District. Owner and District agree that the CFD No. 2020-1 Bond proceeds will also fund, if available, consistent with applicable law, all or a portion of the EMWD Facilities as described in Exhibit “E” and set forth for example purposes in Exhibit “C,” and as provided in this Mitigation Agreement. Owner will cooperate with EMWD and the District in obtaining the execution of the JCFA, formation of CFD No. 2020-1, authorization of the Special Taxes and Bonds, and issuance of the Bonds consistent with applicable law. The formation of CFD No. 2020-1 shall be deemed to be completed thirty (30) calendar days after enactment of the “Ordinance” authorizing the levy of the Special Taxes of CFD No. 2020-1 with no judicial challenges pending in regard to the formation of CFD No. 2020-1, the authorization of its Special Taxes, or its bonded indebtedness and authorization for the Bonds as reasonably determined by CFD No. 2020-1 (“Formation Completion Date.”)

5. Owner’s Deposit for CFD No. 2020-1. In order for District to prepare this Mitigation Agreement, the JCFA and initiate and complete the proceedings to form CFD No. 2020-1, Owner has deposited with District Thirty Thousand Dollars (\$30,000) (“Owner Deposit”). Owner and District will enter into a Deposit and Reimbursement Agreement governing the terms, duties and obligations of the Parties related to the Owner Deposit.

6. Certificates of Compliance Prior to Issuance of Bonds. The Bonds shall be issued, as reasonably determined by District, based upon sound municipal financing practices and the Goals and Policies of District in effect as of the date of this Mitigation Agreement (“CFD Goals and Policies”). In the event prior to the issuance of Bonds, Owner, or its successors or assigns, seeks a Certificate of Compliance (“COC”) for a DU (other than a Senior DU), Owner shall be required either (i) to make a cash deposit, refundable only as provided for herein, to District equal to the then-current Mitigation Amount for all DU(s) requested by the COC (“COC Deposit”), or (ii) to deliver to District an irrevocable standby letter of credit (“LOC”), issued by a bank with a minimum Moody’s or Standard and Poor’s long term rating of “A” and short term rating of “P 1” (“LOC Bank”), or which is otherwise acceptable to District. The LOC shall name the District as the beneficiary, in an amount equal to the Mitigation Amount obligation, plus interest at the rate of five percent (5%) per annum from such date to the end of the next succeeding calendar year, before District shall issue a COC for all such DU(s). To the extent Owner, prior to the Formation Completion Date, has made, or in the future does make such COC Deposit(s) to District as set forth above, District shall refund the COC Deposit(s) made to District under this Mitigation Agreement, without interest, to Owner in the full amount of such COC Deposit(s) at the time the Bonds are issued solely from and only to the extent of sufficient proceeds of the Bonds received by District and CFD No. 2020-1. As of the date of this Mitigation Agreement, no COC Deposits



have been received by District. In the event Owner, or its successors and assigns, in the future delivers to District a LOC, such LOC shall be maintained and renewed, as necessary, until the Bonds are issued at which time such LOC shall be released by District. The LOC(s) provided pursuant to this Section 6 may be drawn upon by District if Owner fails to timely renew the LOC or if Owner objects to the Sale of Bonds. The District shall record each of the COC Deposits when received as set forth on Exhibit "F".

7. Certificates of Compliance After Issuance of Bonds. Upon receipt of the Bond proceeds, District shall issue to Owner a bulk Certificate of Compliance ("Bulk Certificate") as set forth in Exhibit "G." The Bulk Certificate shall set forth the number of square feet of Assessable Space for which the Mitigation Amount has been funded with proceeds of Bonds received by District in excess of the amount that is to be used for reimbursement to Owner of prior COC Deposits. The number of square feet of Assessable Space set forth in the Bulk Certificate, if any, shall be such excess amount divided by the amount per square foot in effect at the time of issuance of the Bonds.

If, after the Bonds are issued, Owner requests a COC for a new DU and the remaining Assessable Space for the Project specified in the Bulk Certificate has been exhausted by using the credits issued pursuant to this Section 7 of this Mitigation Agreement, Owner shall pay, on a non-refundable basis, the then-applicable Mitigation Amount for the new DU. Owner shall not be entitled to any refund if the total Assessable Space of all DUs constructed within the Project is less than the Assessable Space specified in the Bulk Certificate. In the event a COC is requested for an addition to a DU after occupancy by the first homeowner for such DU, the COC shall be subject to the payment of applicable statutory school fees specified by then applicable law prior to the issuance of such COC for such additional Assessable Space.

8. District Obligations. Provided the Owner is complying with the terms of this Mitigation Agreement and subject to the provisions of this Mitigation Agreement, District shall not, under any circumstances:

(a) Exercise any power or authority under current or future law to levy or impose a school fee, condition, exaction or other requirement (other than the Special Taxes or the Mitigation Amount authorized pursuant to this Mitigation Agreement, ad valorem real property taxes in payment of District or a School Facilities Improvement District of District general obligation bonds and Statutory or Alternative School Fees with respect to Senior DUs and Commercial/Industrial Development) in any way relating to the use, occupancy or development of the Project, and exclusive of special taxes, parcel taxes, or assessments established on a District-wide basis.

(b) Require, request or cooperate with the City or any other governmental entity to exercise any power or authority as to the Project to levy or impose an exaction of land, goods, money or services, whether denominated a fee, charge, dedication or tax for District's benefit;

(c) Oppose the development of any portion of the Project or any governmental approval, whether legislative or administrative, or change in any governmental approval on the basis of inadequate school facilities.

(d) Sponsor or require the formation of an additional community facilities district (other than CFD No. 2020-1, or such other name that may be given for proposed CFD No. 2020-1 to finance the Mitigation Amount), assessment district or similar district including the Project, without the written consent of Owner, which consent may be given or withheld in Owner's sole discretion, except as provided in subparagraph (a) of this Section 8.

(e) The provisions of subparagraphs (a), (b), (c) and (d) shall terminate upon issuance of the COC for the 67th DU or the last DU in the Project if there are more or less than 67 DUs.

9. Project Mitigation and CFD No. 2020-1. As set forth in Exhibit "C" for illustrative purposes only, the District shall issue Bonds of CFD 2020-1 after all building permits have been issued consistent with sound municipal financing practices and the District's CFD Goals and Policies as reasonably determined by the District. Exhibit "C" was prepared on the assumed basis of the Bonds being issued at an average coupon rate, bond term, and debt service coverage, and on the specified number of DUs anticipated to be constructed at the indicated Assessable Space and sold at the estimated sales prices, all as set forth in Exhibit "C" hereto. The formation of CFD No. 2020-1, authorization of the Special Taxes, and authorization and issuance of the Bonds in an amount sufficient to fully fund the Mitigation Amount shall be deemed to fully mitigate the impacts of the Project on the School Facilities within the District, notwithstanding any variation with Exhibit "C".

10. Special Taxes of CFD No. 2020-1 Contractually Obligated for School Facility Improvements.

(a) This Mitigation Agreement and the JCFA establish contractual agreements between and among the District, EMWD and the Owner for the funding of the Public Facilities to be owned by the District and EMWD through the levy of Special Taxes and the issuance of Bonds by the proposed CFD No. 2020-1. The funding of such Public Facilities to the extent provided by this Mitigation Agreement and the JCFA is a contractual obligation of the Parties to such agreements enabling, in part, the District to meet the School Facilities needs of the District so that Owner may obtain COCs to complete the Project. The levy of Special Taxes is an integrated contractual obligation to fund the herein described amount for the Public Facilities required by the aforementioned contractual obligations. The Parties agree that any reduction, or the repeal of the Special Taxes authorized to be levied on parcels in CFD No. 2020-1, would impair such existing contractual obligations, unless to comply with Section 14(g), herein.

(b) If the Special Taxes of CFD No. 2020-1 are repealed pursuant to Article XIII C of the California Constitution, then as a condition for receiving any COC for a DU (other than a Senior DU) that is requested subsequent to the date the Special Taxes are repealed, Owner shall be required to make payments to the District in an amount equal to the then-applicable Mitigation Amount for each such COC requested by Owner, as calculated pursuant to the provisions of this Mitigation Agreement, at the time that each such COC is requested.

11. Limitation on Additional Debt Encumbering Project. Owner and District recognize that additional public debt could be placed on the Project. However, Owner agrees that it shall not initiate any additional public debt (such as, but not limited to, assessment districts or community

facilities districts) to be placed on the Project which would result in the Special Taxes in each category of Developed Property as specified in the RMA, together with general property taxes and assessments, exceeding two percent (2%) of the average estimated sales price of all DUs in the Project.

12. Sale of Bonds. The proceeds from the sale of Bonds shall be deposited into an improvement fund (or accounts therein) and disbursed pursuant to the indenture or fiscal agent agreement pursuant to which the Bonds are issued (“Indenture”) for eligible School Facilities (“School Facilities Account”) and eligible EMWD Facilities (“EMWD Facilities Account”). It is anticipated that a single series of Bonds will be issued and the Bond proceeds shall be applied as follows:

(a) First Priority: To pay for costs of issuing the Bonds and then reimbursing Owner for the Owner Deposit, provided there are sufficient proceeds of Bonds to fully satisfy funding the Second, Third, Fourth and Fifth Priority.

(b) Second Priority: To fund a “Reserve Fund” equal to the amount set out in Section 14(d).

(c) Third Priority: To gross fund capitalized interest on the Bonds for a period of twenty-four (24) months or such lesser term requested by Owner and approved by District and CFD No. 2020-1.

(d) Fourth Priority: To deposit into an administrative expense fund the sum of Twenty-Five Thousand Dollars (\$25,000), in 2020 dollars, for the initial fiscal year of administration of the Bonds in the event such amount cannot be funded by the Special Tax levy.

(e) Fifth Priority: To deposit into the School Facilities Account the Mitigation Amount calculated at the time of each COC issuance for the DUs for which the Bonds have been sized. The Mitigation Amount for 2020 as set forth on Exhibit “C” is estimated to be approximately Seven Hundred Seventy-Seven Thousand, Three Hundred Twelve Dollars (\$777,312).

(f) Sixth Priority: To deposit into the EMWD Facilities Account an amount up to ten Dollars (\$10.00) less than the Mitigation Amount for the Project, up to the maximum amount permitted by the JCFA.

(g) Seventh Priority: To deposit into the School Facilities Account all remaining funds.

13. Rate and Method of Apportionment. Owner and District agree that the RMA for CFD No. 2020-1 shall be as set forth in Exhibit “D,” with such changes as may be agreed upon by Owner and District and as permitted by the Act. In the event Owner requests a reduction in the Special Tax rates, such request shall occur, if at all, in accordance with the Act and provided that all costs associated with such change proceeding shall be paid by Owner and such shall not affect the then-current Mitigation Amount for the District. Any such reduction must occur prior to the issuance of the first series of Bonds for CFD No. 2020-1.

14. Issuance of Bonds. The amount of the Bonds anticipated to be issued by CFD No. 2020-1 shall be on the basis of the maximum amount which may be supported by the Special Taxes as provided for in the RMA within the limits imposed by the CFD Goals and Policies and applicable law as reasonably determined by District consistent with the following terms:

(a) It is anticipated there will be one series of Bonds issued for the Project. The term of the Bonds shall be thirty (30) years or the remaining term of the Special Taxes, whichever is less. Depending on the timing of the Bond sale, the maximum term for the Bonds shall be thirty-one (31) years.

(b) Capitalized interest on the Bonds shall be gross funded for a term of twenty-four (24) months or such lesser term requested by Owner and approved by District and CFD No. 2020-1.

(c) Issuance costs shall be reasonable and in accordance with sound municipal finance practices and the CFD Goals and Policies estimated to be as set forth in Exhibit "C."

(d) The Reserve Fund shall be funded to provide the least of (i) "10% of the proceeds of the issue," within the meaning of Section 148 of the Internal Revenue Code of 1986, with respect to the Bonds (excluding from such calculation Bonds, if any, refunded with the proceeds of subsequently issued Bonds), (ii) maximum annual debt service for the Bonds, and (iii) 125% of average annual debt service for the Bonds, all as to be further set forth in the Indenture.

(e) Interest earnings on the Reserve Fund in excess of the Reserve Fund requirement shall be applied in accordance with the Indenture.

(f) Interest earnings on the funds in the EMWD Facilities Account shall remain in such account until such time as there are no further EMWD Facilities authorized to be funded for the Project. Thereafter, any remaining amounts are to be transferred to the School Facilities Account. Interest earnings on the funds in the School Facilities Account shall remain in such account until such time as there are no further School Facilities authorized to be funded for the Project. Thereafter, any remaining amounts are to be transferred to redeem or to pay debt service on the Bonds, as to be further described in the Indenture.

(g) Special Taxes shall have a term of thirty-five (35) years following the last issuance of Bonds, as further described in the RMA, but not later than Fiscal Year 2062-63. The Assigned Special Tax rates shall escalate two percent (2%) per annum as provided in the RMA. Assigned Special Tax rates are as set forth in the RMA in Exhibit "D." These amounts have been estimated so that together with overlapping general property taxes and assessments such total amount does not exceed two percent (2%) of the average estimated base sales price of all DUs in the Project as represented by Owner and assumed by District at the time of formation of CFD No. 2020-1, as shown in Exhibit "C." When Bonds are to be issued, a calculation shall be made to determine if the Special Taxes, together with overlapping general property taxes and assessments, will exceed two percent (2%) of the greater of the average assessed value or average appraised values of the DUs, all as set forth in the RMA. If such calculation determines that such taxes exceed two percent (2%), the Special Taxes shall be reduced as set forth in the RMA. Owner shall support District's efforts to reduce the Special Taxes pursuant to the RMA. Any such reduction

shall be reflected in a recorded, amended Notice of Special Tax Lien. The Parties acknowledge that in such event there will likely be a reduction in the amount of funds for the Seventh Priority as set forth in Section 12(g) of this Mitigation Agreement of the funding therein specified and, if necessary, in reverse sequence then a reduction in the funding of the prior priorities set forth in Section 12 of this Mitigation Agreement, as necessary.

(h) The estimated administrative expense amount for purposes of setting the Special Tax rates as set forth in the RMA in Exhibit “D” is specified as Twenty-Five Thousand Dollars (\$25,000.00) for fiscal year 2021-2022, which amount is expected to escalate at two percent (2%) each fiscal year thereafter.

(i) Net debt service coverage after setting aside the amount necessary for administrative expenses, for purposes of sizing the issuance of Bonds is agreed to be one hundred and ten percent (110%).

(j) The Bonds shall be secured by the pledge of the Special Taxes levied in CFD No. 2020-1.

15. EMWD Facilities Account. District shall fund the EMWD Facilities Account only after first depositing in the School Facilities Account the funds as specified in Section 12(a)-(e) above once the Bonds are issued. Funds, to the extent available from Bond proceeds, for EMWD Facilities for the Project shall be held in the EMWD Facilities Account, designated for the benefit of the Project and authorized by the JCFA, which shall be established with the trustee or fiscal agent (“Trustee”) for the Bonds. Interest earnings on the EMWD Facilities Account shall be held and available for payment to EMWD for EMWD Facilities, until Owner notifies District that no additional disbursements that are authorized to be funded shall be required or it has been twelve (12) or more months since the later of (i) issuance of the Bonds or (ii) the issuance of a COC for the final DU in the Project, at which time all amounts therein, including interest earnings subsequently received, shall be transferred to the School Facilities Account as directed by District without further act of EMWD or Owner, to be used by District for School Facilities, or to pay down the Bonds if there are no further School Facilities to be funded. EMWD Facilities shall be funded to EMWD upon the written request of Owner in the form set forth in and as required by the JCFA. The request shall identify the specific residential unit(s) and lot(s) in the Project for which payment is requested and identify the specific fee(s) for EMWD Facilities to be paid to EMWD. Neither District nor CFD No. 2020-1 shall have any responsibility to fund EMWD Facilities from any source other than the proceeds of the Bonds which have been allocated to the EMWD Facilities Account as herein provided. Owner hereby jointly and severally indemnifies the District, CFD No. 2020-1, the Trustee, as well as all officers, employees or agents thereof (collectively, “Indemnitees”), as to any claim asserted by any person or concern as to any and all matters pertaining to any funds provided to EMWD for EMWD Facilities or the use thereof by EMWD, including all costs, awards, if any, and attorneys’ fees of the Indemnitees; except to the extent such claims are caused by the gross negligence or willful misconduct of such Indemnitee.

16. Security for Payment of Special Taxes. In the event Bonds are issued and sold prior to sixty percent (60%) of the DUs within the Project, for which the Bonds are sized, being occupied by individual homeowners, Owner, or its successors or assigns of the Project (other than individual homeowners), shall deliver to the District, or the Trustee security for payment of one year’s Special

Taxes in the form of a letter of credit (“LOC”). The LOC, which may be one or more LOC(s), shall be issued by a bank acceptable to the District in its sole discretion (“LOC Bank”). The LOC shall be an amount equal to the total of the Special Taxes projected to be levied on all of the lots and parcels in the Project owned by Owner, or its successors or assigns (other than individual homeowners), for which the Bonds are being sized. The Owner shall, together with the delivery of such LOC, unless this requirement is waived by District and Trustee, deliver or cause to be delivered to the District and the Trustee an opinion or opinions of counsel reasonably satisfactory to the District and the Trustee to the effect that the LOC is a legal, valid and binding obligation of the LOC Bank enforceable against the LOC Bank in accordance with its terms, except as limited by applicable reorganization, insolvency, liquidation, moratorium or other similar laws affecting the enforcement of rights of credits generally and by general principles of equity. The LOC(s) shall name the District or Trustee as the beneficiary, as the case may be, who may draw thereon, up to the full amount thereof, in the amount of any delinquencies in the payment of semi-annual installments of the Special Taxes levied on lots or parcels within the Project for which the LOC has been provided. The LOC shall be renewed annually by the issuing LOC Bank or a substitute LOC Bank acceptable to the District at least forty-five (45) days prior to its expiration until such time as sixty percent (60%) of the number of all the lots and parcels, upon which the Bonds were sized, are owned by individual homeowners. The LOC(s) shall provide that until such condition is satisfied, the amount thereof shall be recalculated on or about July 1<sup>st</sup> of each year, commencing the first July 1 following issuance of the Bonds, and such calculations provided to the District and the Trustee by the District’s special tax consultant, on or by each subsequent August 1 or within thirty (30) calendar days of any such request, as applicable. The LOC(s) shall further provide that (i) the failure of the LOC Bank to renew the LOC within thirty (30) calendar days prior to expiration, until such condition is satisfied, will enable District or Trustee, as the case may be, to draw upon the full amount thereof, and (ii) if the rating of the long-term unsecured obligations of the LOC Bank has been reduced to less than “A3” by Moody’s or to less than “A” by S&P (a “Rating Downgrade”), the District or Trustee, as the case may be, shall be entitled to draw upon the full amount of the LOC. If District or Trustee draws any amount under an LOC, except upon the failure of the issuing LOC Bank to renew it and except upon a Rating Downgrade, the District or Trustee, as the case may be, shall reimburse the amount drawn to the LOC Bank, without interest or penalties levied by the County Treasurer-Tax Collector, solely from the delinquent Special Tax installments as to the applicable lots and parcels within the Project with respect to which any such amount is drawn when and if such installments are paid or when and if the proceeds of foreclosure of the applicable property as a result of such delinquency are received. The form of the LOC, and provisions relating to draws and reimbursements with respect to the LOC to be set forth in the Indenture, shall in all respects be satisfactory to and approved by counsel to the District.

District shall make a good faith effort to give Owner, or its successor(s) or assign(s) that have provided an LOC at least fifteen (15) days prior notice before District draws upon, or instructs the Trustee to draw upon, the applicable security of Owner. However, the failure by District to provide such notice shall not prevent draws upon such security to the extent required by the documents providing for the issuance of the Bonds.

17. Disclosure of Special Taxes and Indemnification. Owner shall comply with all applicable legal requirements for disclosure to private, individual homebuyers and other parties purchasing any applicable portion of the Project as to CFD No. 2020-1 and its Special Taxes,

including, but not limited to Government Code Section 53341.5. In any and all purchase agreements pursuant to which Owner may sell all or a portion of the Project to any residential merchant builder, Owner shall require that the residential merchant builder similarly comply with all such applicable legal requirements. Owner hereby agrees that they shall assign to District whatever rights Owner may acquire pursuant to such agreements as to a residential merchant builder indemnifying, defending and holding Owner harmless with respect to any deficiency in, or the adequacy of, any such disclosure, or in the making of or failure to make any such disclosure.

Owner shall defend, indemnify and hold-harmless District as well as CFD No. 2020-1, and each of its officers, employees and agents from and against any and all actions, damages, claims, losses, expenses or liability arising from, or related to, any deficiency in, the adequacy of, or the making of or failure to make any disclosure required pursuant to these provisions. In any and all agreements pursuant to which Owner may sell all or a portion of the Project to any residential merchant builder, Owner shall require that the residential merchant builder agree to defend, indemnify and hold-harmless District, CFD No. 2020-1 and each of its officers, employees and agents to the extent set forth in these provisions.

18. Assignability of Mitigation Agreement. Nothing in this Mitigation Agreement shall in any way limit the right or ability of Owner to transfer, assign, encumber, or hypothecate in any way without the consent of District or CFD No. 2020-1, provided that: (i) the District and CFD No. 2020-1 are provided written notice of the transfer within ten (10) calendar days; and (ii) the transferee expressly assumes all applicable executory obligations under this Mitigation Agreement and the JCFA, if any, with respect to the portion of the Project transferred. If these conditions are met, District and CFD No. 2020-1 agree to look solely to the transferee for performance of the assignor's obligations under this Mitigation Agreement and the JCFA, if any. If Owner assigns the right to receive reimbursement of any specified portion of the Owner Deposit, COC Deposits or amounts provided for in the JCFA, if any, the specific lots or parcels within the applicable portion of the Project to which the reimbursement applies shall be specified in any written assignment together with the amount of such reimbursement so assigned. Whenever this Mitigation Agreement provides Owner with a right that right may be exercised by an assignee of that right to the same extent that Owner could have exercised that right themselves.

19. Binding on Successors; No Third Party Beneficiaries. This Mitigation Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto. This Mitigation Agreement is entered into solely for the benefit of the Parties and the successors, transferees and assigns of all Parties. Other than District and Owner and its successors, transferees and assigns, no owner of an individual DU in CFD No. 2020-1 or other third person shall be entitled, directly or indirectly, to base any claim or to have any right arising from, or related to, this Mitigation Agreement or the JCFA.

20. Entire Agreement. This Mitigation Agreement contains the entire agreement and understanding concerning the funding of school facilities to house students generated by the development of the Project and supersedes and replaces all prior negotiations and proposed agreements, written and oral, except as they are incorporated into this Mitigation Agreement. The Parties acknowledge that neither the other Party nor its agents nor attorneys have made any promise, representation or warranty whatsoever express or implied, not contained herein to induce

the execution.

21. Amendments Must Be In Writing. This Mitigation Agreement may not be amended, except by a writing signed by all of the Parties.

22. Interpretation Guides. In interpreting this Mitigation Agreement, it shall be deemed that it was prepared by the Parties jointly and no ambiguity shall be resolved against either Party on the premise that it or its attorneys were responsible for drafting this Mitigation Agreement or any provision thereof. Headings used in this Mitigation Agreement are for convenience and ease of reference only and are not intended nor may be construed as a guide to interpret any provision of this Mitigation Agreement.

23. Due Authority of Signatories to Execute Agreement. Each individual signing this Mitigation Agreement warrants and represents that he or she has been authorized by appropriate action of the Party which he or she represents to enter into this Mitigation Agreement on behalf of the Party.

24. Notices. All notices, demands and communications between the Parties shall be given by personal delivery, registered or certified mail, postage prepaid, return receipt requested, Federal Express or other reliable private express delivery, or by electronic or facsimile transmission. Such notices, demands, or communications shall be deemed received upon delivery if personally served or sent by facsimile or after three (3) business days if given by other approved means as specified above. Notices, demands, and communications shall be sent:

To District:

San Jacinto Unified School District  
2045 S. San Jacinto Ave.  
San Jacinto, CA 92583  
Phone No.: (951) 929-7700 ext. 4211  
Fax No.: (951) 652-7350  
Attn: Assistant Superintendent,  
Business Services  
Email: sheeren@sanjacinto.k12.ca.us

To CFD No. 2020-1 of the San  
Jacinto Unified School District:

CFD No. 2020-1  
c/o San Jacinto Unified School District  
San Jacinto Unified School District  
2045 S. San Jacinto Ave.  
San Jacinto, CA 92583  
Phone No.: (951) 929-7700 ext. 4211  
Fax No.: (951) 652-7350  
Attn: Assistant Superintendent,  
Business Services  
Email: sheeren@sanjacinto.k12.ca.us

With Copies to:

Atkinson, Andelson, Loya, Ruud & Romo



20 Pacifica, Suite 1100  
Irvine, CA 92618  
Phone No.: (949) 453-4260  
Fax No.: (949) 453-4262  
Attn: Wendy H. Wiles, Esq.  
Email: Wendy.Wiles@aalrr.com

To Owner:

D.R. Horton, American's Builder  
2280 Wardlow Circle, Suite 100  
Corona, CA 92880  
Attn: Barbara M. Murakami,  
Senior Vice President, Forward Planning &  
Entitlements, Southern California  
Phone: (951) 739-5443  
Fax: (800)773-0485  
Email: bmmurakami@drhorton.com

With a copy to:

O'Neil, LLP  
19900 MacArthur Boulevard, Suite 1050  
Irvine, CA 92612  
Attn: Sandra A. Galle  
Phone: (949) 798-0725  
Fax: (949) 798-0511  
Email: sgalle@oneil-llp.com

25. State Funding. In the event that District receives funds from the State of California to house existing and/or projected students generated from existing and/or future residential units constructed in the Project, Owner, its successors, assigns, or third parties shall not be entitled to any refund or reduction in Special Taxes as a result of such State Funds.

26. SB 165 Disclosure. The Parties recognize that California SB 165, Chapter 535 of the Statutes of 2000, effective on January 1, 2001, provides disclosure and reporting requirements for any local bond measure that is subject to voter approval and which would provide for the sale of the Bonds by a local agency. Owner agrees to fully and completely cooperate with District and CFD No. 2020-1 in meeting the requirements of SB 165.

27. Bond Disclosure Requirements; Continuing Disclosure. Owner acknowledges and agrees that Owner and any other owner of property within CFD No. 2020-1 that has not reached its planned development stage of the construction of at least eighty-five percent (85%) of the DUs anticipated to be constructed by such owner in CFD No. 2020-1 or that owns taxable property within CFD No. 2020-1 that will be responsible for ten percent (10%) or more of annual debt service on the Bonds will be required to provide for inclusion in the official statement or other offering materials distributed in connection with the offering and sale of such Bonds such reasonable and customary information available to such owner as may be required for the District and CFD No. 2020-1 and any underwriter of the Bonds to comply with, satisfy any requirements of, or avoid any liability under, any applicable federal or State securities laws. Owner also shall

cooperate with District and CFD No. 2020-1 and any underwriter of the Bonds in complying with Rule 15c2-12 of the Securities and Exchange Commission with the issuance and sale of the Bonds so long as Owner is an “obligated person” under such Rule 15c2-12, which may require the Owner, or other owners of property within CFD No. 2020-1, constituting an “obligated person” to provide such information on an ongoing basis as may be required by such Rule 15c2-12.

28. California Law Governs Mitigation Agreement. This Mitigation Agreement and all rights and obligations arising out of it shall be construed in accordance with the laws of the State of California.

29. Counterparts. This Mitigation Agreement may be signed in one or more counterparts which, taken together, shall constitute one original document.

30. Exhibits. All Exhibits attached hereto are incorporated into this Mitigation Agreement.

31. Recordation. Upon execution hereof, this Mitigation Agreement may be recorded by District.

[Remainder of page intentionally left blank.]

32. Subordination of Existing Debt. Any existing debt on the Property shall be subordinated of record to this Mitigation Agreement within fourteen (14) calendar days of its execution by the Parties and prior to the issuance of any COC for the Project.

IN WITNESS WHEREOF, this Mitigation Agreement is agreed and entered into as of the date first written above.

D. R. Horton Los Angeles Holding Company, Inc., a  
California corporation

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

SAN JACINTO UNIFIED SCHOOL DISTRICT, a  
California public school district

By:\_\_\_\_\_

Seth Heeren, Assistant Superintendent,  
Business Services

APPROVED AS TO FORM:

Atkinson, Andelson, Loya, Ruud & Romo,  
Legal Counsel to the San Jacinto Unified  
School District

By:\_\_\_\_\_

Wendy H. Wiles

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

**EXHIBIT “A”**  
**LEGAL DESCRIPTION**

**CITY OF SAN JACINTO, STATE OF CALIFORNIA**

**Tentative Tract Map No. 32053-1**

APN Nos.:

433-510-005 through -025

433-511-001 through -007

433-512-001 through -008

433-520-001 through -006

433-521-001 through -010

433-522-001 through -005

433-523-001 through -002

433-524-001 through -002

433-525-001 through -002

433-526-001

433-526-004 through -006

# EXHIBIT "B"

## DEPICTION OF TENTATIVE TRACT MAP 32053-1

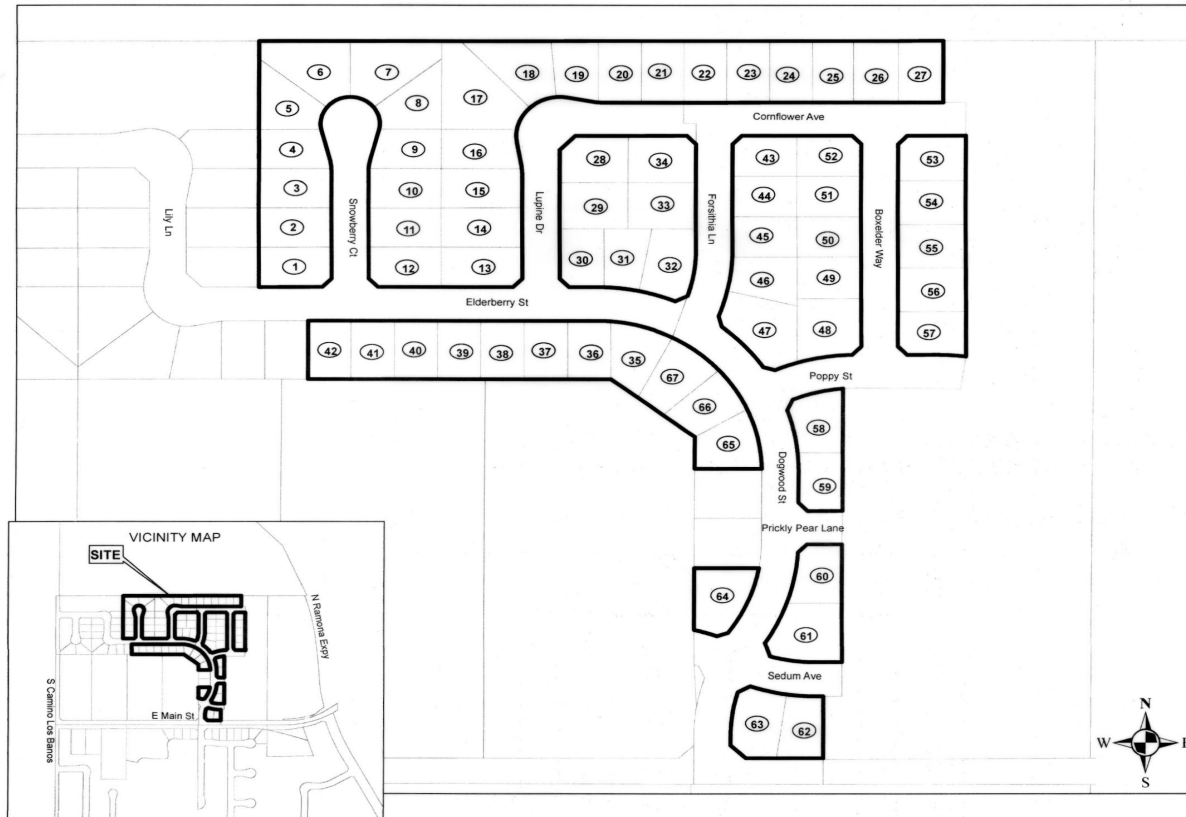
copy

85/59

### PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT

COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA

SHEET 1 OF 2



#### Legend

- BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT
- ASSESSOR PARCEL LINES

FILED IN THE OFFICE OF THE CLERK OF THE BOARD OF TRUSTEES OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT, THIS 9 DAY OF September, 2020.

Walter Rex  
CLERK OF THE BOARD OF TRUSTEES OF THE  
SAN JACINTO UNIFIED SCHOOL DISTRICT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF TRUSTEES OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE 8th DAY OF September, 2020, BY ITS RESOLUTION NO. 20-21-08

Walter Rex  
CLERK OF THE BOARD OF TRUSTEES OF THE  
SAN JACINTO UNIFIED SCHOOL DISTRICT

#### COUNTY RECORDER'S CERTIFICATE:

FILED THIS 19th DAY OF SEPTEMBER, 2020, AT THE HOUR OF 12:10 O'CLOCK P.M., IN BOOK 85 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGES 57-60 AS INSTRUMENT NO. 2020-045726 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AT THE REQUEST OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT. FEE \$11.00

Peter Aldana  
PETER ALDANA, ASSESSOR - COUNTY CLERK - RECORDER  
COUNTY OF RIVERSIDE  
BY DEPUTY

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS MAP SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE RIVERSIDE COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE RIVERSIDE COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.



**WILLDAN**

# EXHIBIT “C”

## PRO FORMA ILLUSTRATION

Exhibit 1  
D.R. Horton  
Pheasant Run (Tract No. 32053-1)  
Proposed San Jacinto Unified School District CFD  
June 1, 2020

DRAFT

### I. Home Prices and Combined Tax Rates:

LAND USE INFORMATION								TOTAL TAX RATE ANALYSIS								
Proposed San Jacinto USD CFD								Fiscal Year 2019-20	Estimated Other Fixed	City of San Jacinto	City of San Jacinto	Existing	Proposed San Jacinto	Proposed	Proposed	Total
Tract	Plan Type	Square Footage Category	Home Size (Sq. Ft.)	Units	Base Home Price	Homeowners Exemption	Net Home Price	Ad Valorem Tax Rate 1.16962%	Charges and Assess.	LLPD No. 2, Zone 49 Special Tax	CFD No. 2003-01 Special Tax A	Total Tax per Unit	USD CFD Special Tax	Total Tax per Unit	Total Tax Rate	San Jacinto USD CFD Special Tax Revenues
(a)	(a)		(a)	(a)	(a)	(a)	(a)	(b)	(c)	(d)	(e)		(f)			
32053-1	1	< 2,200	1,898	25	\$ 329,990	\$ (7,000)	\$ 322,990	\$ 3,778	\$ 53	\$ 851	\$ 535	\$ 5,217	\$ 1,383	\$ 6,600	2.00%	\$ 34,576
32053-1	2	2,200 - 2,400	2,239	18	339,990	(7,000)	332,990	3,895	53	851	535	5,334	1,466	6,800	2.00%	26,390
32053-1	3	> 2,400	2,450	24	345,990	(7,000)	338,990	3,965	53	851	535	5,404	1,516	6,920	2.00%	36,382
Total/ Wtd. Avg.			2,187	67	\$ 338,408	\$ (7,000)	\$ 331,408	\$ 3,876	\$ 53	\$ 851	\$ 535	\$ 5,315	\$ 1,453	\$ 6,768	2.00%	\$ 97,348

### II. Total Annual Special Taxes for Bonding (Annual CFD Revenues less \$25,000 annual administration/ 110% Coverage)

### III. CFD Bond Sizing & Construction Proceeds:

Bond Amount (4.00% Interest, 30 Year Term, 29 Year Amortization, 2% Escalation)  
Underwriter Discount (Min. of \$50,000 or 2.0%)  
Reserve Fund (Annual Debt Service)  
Capitalized Interest (0 mos)  
Incidental Costs (Estimate)

**Total Net Construction Proceeds**  
**Per Unit**

<b>Total</b>
\$ 74,621
\$ 1,645,000
\$ (50,000)
(74,621)
-
(175,000)
<b>\$ 1,345,379</b>
<b>\$ 20,080</b>

### IV. Allocation of Net Construction Proceeds

#### San Jacinto Unified School District

Level II Fees (100% of \$4.08 per sq.ft)  
30% Premium (100% of \$1.22 per sq.ft)  
*SJUSD Total*

#### Eastern Municipal Water District

Sewer Financial Participation Fees (100% of \$2,914 per unit)  
Sewer Treatment Plant Capacity Fees (94% of \$5,938 per unit)  
*EMWD Total*

**Total Net Construction Proceeds**

Per Unit	Total
\$ 8,924	\$ 597,932
2,677	179,380
\$ 11,602	\$ 777,312
\$ 2,914	\$ 195,238
5,565	372,829
\$ 8,479	\$ 568,067
<b>\$ 20,080</b>	<b>\$ 1,345,379</b>

### V. Footnotes:

- (a) Product Mix & Pricing provided by DR Horton on 4/30/2020.  
(b) Includes 1.00% plus the following:  
A tax of 0.15292% is charged for fiscal year 2019-20 by the San Jacinto Unified School District to pay debt service for outstanding bonds within the district.  
A tax of 0.01320% is charged for fiscal year 2019-20 by Mt. San Jacinto Community College District to pay debt service for outstanding bonds within the district.  
A tax of 0.00350% is charged for fiscal year 2019-20 by Metropolitan Water District to pay debt service for outstanding bonds within the district.  
(c) Includes the following estimated direct assessments:  
Riverside County Flood Control annual assessment estimated at \$3.80 per unit to pay flood control management.  
Valley-Wide Recreation and Park District LMD 88-1 annual assessment of \$22.14 per unit to pay for regional parks.  
MWD East levies a standby charge of \$6.94 per acre, or \$6.94 per parcel if less than an acre.  
EMWD levies a standby charge of \$10.00 per acre, or \$10.00 per parcel if less than an acre.  
County CSA 152 levies a standby charge of \$10.00 per parcel for stormwater services.  
(d) Represents the maximum fiscal year 2019-20 Special Tax of \$850.67 per unit for the City of San Jacinto Maintenance LLPD No. 2, Zone 49 (Pheasant Run) to pay for the operation, service and maintenance of street lighting and traffic signals, parkway, park and open space landscaping, park equipment and hardscape, and drainage facilities (pipe, catch basins, junction structures, detention basin, and drainage pumps) and graffiti removal. Note that the actual rate per unit for fiscal year 2019-20 is \$0 as most of the improvements to be maintained have not yet been constructed and/or taken over by the City. This Special Tax shall increase each year by the change in the Consumer Price Index with a maximum annual increase of 7.5%.  
(e) Represents the fiscal year 2019-20 annual Special Tax A for the City of San Jacinto CFD No. 2003-01 for police protection, fire protection and suppression services. Special Tax A shall increase each year by the change in the Consumer Price Index with a maximum annual increase of 6% and a minimum annual increase of 2%. Note that Special Tax B also applies and is a one time tax of \$917.92 for fiscal year 2019-20 paid at building permit issuance.  
(f) Represents the proposed fiscal year 2020-21 special tax for the proposed San Jacinto USD CFD to finance school fees as well as EMWD fees via JCFA. This tax is subject to escalate annually by 2%.



**Exhibit 2**  
**D.R. Horton**  
**Pheasant Run (Tract No. 32053-1)**  
**Proposed San Jacinto Unified School District CFD**  
**Facilities List**

<b>San Jacinto Unified School District</b>	<b>Per Unit</b>	<b>No. Units</b>	<b>Total</b>
Developer Fees (\$4.08/SF at 2,187 SF)	\$ 8,924	67	\$ 716,228
30% Premium (\$1.22/SF at 2,187 SF)	2,677	67	214,868
<i>Sub-Total:</i>	<i>\$ 11,602</i>		<i>\$ 931,096</i>
<b>Eastern Municipal Water District (2020 Fees)</b>	<b>Per Unit</b>	<b>No. Units</b>	<b>Total</b>
Sewer Financial Participation Fee	\$ 2,914	67	\$ 195,238
Sewer Treatment Plant Capacity Fee	5,938	67	397,846
<i>Sub-Total:</i>	<i>\$ 8,852</i>		<i>\$ 593,084</i>
	<b>Per Unit</b>	<b>No. Units</b>	<b>Total</b>
<b>TOTAL AUTHORIZED FEES</b>	<b>\$ 22,749</b>	<b>67</b>	<b>\$ 1,524,180</b>

**EXHIBIT “D”**

**RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES**  
**DISTRICT NO. 2020-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

**(Exhibit D begins on following page)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX OF  
COMMUNITY FACILITIES DISTRICT NO. 2020-1  
OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

A Special Tax (as defined herein) shall be levied on and collected from all Assessor's Parcels (as defined herein) within the boundaries of Community Facilities District No. 2020-1 of the San Jacinto Unified School District ("District") each Fiscal Year (as defined herein), commencing in Fiscal Year 2021/2022, in an amount determined by the Board of Trustees of the San Jacinto Unified School District through the application of this Rate and Method of Apportionment of Special Tax as described below. All the real property within the District, unless exempted by law or by provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**SECTION A  
DEFINITIONS**

For purposes of this RMA, the terms hereinafter set forth have the following meaning(s):

**"Acre" or "Acreage"** means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map that creates the boundaries of each Assessor's Parcel.

**"Act"** means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means any actual or reasonably estimated costs directly related to the administration of the District, including, but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or the District or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District or the District of complying with arbitrage rebate requirements; the costs to the School District or the District of complying with School District, District, or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District or the District related to the analysis and reduction, if any, of the Special Tax in accordance with Section C.4 herein; the costs of the School District or the District related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; the School District's administration fees and third party expenses; the costs of School District staff time and reasonable overhead relating to the District; and amounts estimated or advanced by the School District or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"Assessor's Parcel"** means a parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of the District.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

**“Assessor’s Parcel Number”** means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

**“Assigned Special Tax”** means the Special Tax of that name as set forth in Section C.

**“Backup Special Tax”** means the Special Tax of that name as set forth in Section C.

**“Board”** means the Board of Trustees of the School District or its designee, acting as the legislative body of the District.

**“Bond Index”** means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody's A1 and/or Standard & Poor's A+, as determined by the Board.

**“Bond Yield”** means the yield of the last series of Bonds issued. For purposes of this calculation the yield of the Bonds shall be the yield calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or another similar bond issuance document.

**“Bonds”** means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which the Special Tax has been pledged for repayment.

**“Building Permit”** means a permit for the construction of one or more Residential Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Residential Units within the District. For the purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage”** means the square footage of internal living space of a Residential Unit, exclusive of garages or other structures not used as living space, or any other square footage excluded under Government Code Section 65995 as determined by reference to the Building Permit application for such Residential Unit or other applicable records of the City.

**“City”** means the City of San Jacinto.

**“CFD Administrator”** means an official of the School District, or designees thereof, responsible for determining and providing for the levy and collection of the Special Tax, and performing other duties as set forth herein.

**“CFD No. 2020-1”** means Community Facilities District No. 2020-1 of the San Jacinto Unified School District.

**“Contractual Impositions”** means (a) a voluntary contractual assessment established and levied on an Assessor’s Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 et seq.), as amended from time

to time, (b) a special tax established and levied on an Assessor's Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof (e.g. property owner association assessments).

**"County"** means the County of Riverside.

**"Developed Property"** means for each Fiscal Year, all Assessor's Parcels of Taxable Property for which Building Permit(s) for one or more Residential Unit(s) were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before May 1 of the prior Fiscal Year, as reasonably determined by the CFD Administrator.

**"District"** means Community Facilities District No. 2020-1 of the San Jacinto Unified School District.

**"Exempt Property"** means all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section H hereof.

**"Final Subdivision Map"** means a final tract map, parcel map, condominium plan, lot line adjustment, or functionally equivalent map or instrument that creates individual Residential Lots, recorded in the office of the Recorder of the County.

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

**"Indenture"** means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Bonds are issued and which establishes the terms and conditions for the payment of such Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

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

**"Maximum Special Tax"** means for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C, which can be levied by the District in a given Fiscal Year on such Assessor's Parcel.

**"Minimum Sale Price"** means (a) the lowest estimated sales price, as determined by the Price Point Consultant, for any of the Land Use Classes, or (b) in the event that all Residential Units have been sold to homeowners, the lowest actual sales price for any of the Land Use Classes.

**"Minimum Taxable Acreage"** means the applicable Acreage listed in Table 2 and set forth in Section H.

**"Mitigation Agreement"** means that certain agreement entitled "School Facilities Funding and Mitigation Agreement Between and Among San Jacinto Unified School District and D.R. Horton Los Angeles Holding Company, Inc." relating to CFD No. 2020-1.

**"Partial Prepayment Amount"** means the amount required to prepay a portion of the Special Tax obligation for an Assessor's Parcel as described in Section F hereof.

**“Prepayment Administrative Fees”** means any fees or expenses of the School District or the District associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

**“Prepayment Amount”** means the amount required to prepay the Special Tax obligation in full for an Assessor's Parcel as described in Section E hereof.

**“Present Value of Taxes”** means for any Assessor's Parcel the sum of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in the current Fiscal Year and (ii) the present value of the Special Taxes expected to be levied on such Assessor's Parcel in each of the remaining Fiscal Years, as determined by the CFD Administrator, until the earlier of 35 years after the expected issuance date of the last series of Bonds or the termination date specified in Section G. The discount rate used for this calculation shall be equal to (a) if Bonds have been issued, the Bond Yield, or (b) if Bonds have not been issued, the most recently published Bond Index.

**“Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 2020-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for Residential Units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 2020-1 or the School District, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2020-1, (ii) the School District, (iii) any owner of real property in CFD No. 2020-1, or (iv) any real property in CFD No. 2020-1, and (e) is not connected with CFD No. 2020-1 or the School District as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2020-1 or the School District; provided that, if all Residential Units have been sold to homeowners, such consultant or firm of such consultants shall not be required to meet the conditions set forth in clauses (a) and (b), above.

**“Price Point Study”** means a price point study or letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C.4 herein; provided that, if all Residential Units have been sold to homeowners, such price point study shall be based on actual sales data for the sale of all Residential Units to such homeowners, to be provided to the Price Point Consultant by the developer(s) and/or merchant builder(s) that sold such Residential Units to homeowners, together with a certification by such developer(s) and/or merchant builder(s) that such sales data is true and correct.

**“Proportionately”** means that the ratio of the Special Tax levy to the applicable Maximum Special Tax is equal for all applicable Assessor's Parcels.

**“Residential Lot”** means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Residential Unit has been or could be issued, provided that the land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model units shall not be construed as a Residential Lot until such land has been subdivided by a Final Subdivision Map.

**“Residential Unit”** means each separate residential dwelling unit, including but not limited to a single family attached or detached unit, condominium, an apartment unit, mobile home, or otherwise, excluding hotel and motels.

**“RMA”** means this Rate and Method of Apportionment of Special Taxes of the District.

**“School District”** means the San Jacinto Unified School District, a public school district organized and operating pursuant to the Constitution and laws of the State of California.

**“Special Tax”** means any of the special taxes authorized to be levied by the District pursuant to the Act, the California Constitution, and as described in this RMA.

**“Special Tax Requirement”** means the amount required in any Fiscal Year to pay (i) the annual debt service on all outstanding Bonds in the calendar year commencing in such Fiscal Year, and periodic costs with respect to the Bonds, including but not limited to costs of credit enhancement and federal rebate payment due in the calendar year commencing in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account(s) established in association with the Bonds, (iv) any amount required to establish or replenish any reserve funds (or accounts thereof) established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of school facilities and certain costs associated with the maintenance and operations of school facilities authorized by the District, less any amount(s) on deposit in any fund or account which are available to pay for clauses (i) through (v), above, pursuant to any applicable Indenture in such Calendar Year. In arriving at the Special Tax Requirement, the CFD Administrator shall, without duplicating any amounts described in clause (iv), above, take into account the reasonably anticipated delinquent Special Taxes based on the historical delinquency rate for the Special Tax in the previous Fiscal Year, provided that the amount included cannot cause the Special Tax of an Assessor Parcel of Developed Property to increase by greater than ten percent (10%) of what would have otherwise been levied.

**“Taxable Property”** means all Assessor’s Parcels which are not Exempt Property.

**“Total Tax Burden”** means, for a Residential Unit within a Land Use Class, for the Fiscal Year in which Total Tax Burden is being calculated, the sum of (a) the Assigned Special Tax for such Land Use Class for such Fiscal Year, plus (b) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes, and assessments (which do not include Contractual Impositions) collected by the County on *ad valorem* tax bill and that the CFD Administrator estimates would be levied or imposed on such Residential Unit in such Fiscal Year if the residential dwelling unit thereon or therein has been completed and sold, and was subject to such fees, charges, taxes, and assessments in such Fiscal Year.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means all Assessor’s Parcels of Taxable Property which are not Developed Property.

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

Each Fiscal Year, commencing with Fiscal Year 2021/2022, all Assessor's Parcels within the District shall be classified as either Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Finally, each Assessor's Parcel of Developed Property will be assigned to a Land Use Class as described in Section C below based on its land use type and Building Square Footage.

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

**1. Maximum Special Tax and Assigned Special Tax for Developed Property**

The Fiscal Year 2021/2022 Maximum Special Tax for each Assessor's Parcel of Developed Property shall be the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax.

The Fiscal Year 2021/2022 Assigned Special Tax will be determined based on the rates set out in Table 1 below, as applicable.

**Table 1**  
**Assigned Special Tax Rates**  
**Fiscal Year 2021/2022**

<b>Land Use Class</b>	<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax</b>
1	Residential Unit	≤ 2,200	\$1,383 Per Residential Unit
2	Residential Unit	2,201 – 2,400	\$1,466 Per Residential Unit
3	Residential Unit	> 2,400	\$1,516 Per Residential Unit

Each July 1, commencing July 1, 2022, the Assigned Special Tax rates shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

The Backup Special Tax for Developed Property is described in Section C.3 below.

**2. Maximum Special Tax for Undeveloped Property**

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be equal to \$7,746 per Acre. Each July 1, commencing July 1, 2022, the Maximum Special Tax for Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.



### 3. **Backup Special Tax for Developed Property**

The Backup Special Tax in each Fiscal Year for each Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Residential Lot calculated according to the following formula:

$$B = \frac{ZA}{L}$$

The terms above have the following meanings:

- **B** means the Backup Special Tax for such Fiscal Year.
- **Z** means the Maximum Special Tax rate per Acre of Undeveloped Property for such Fiscal Year.
- **A** means the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section H below.
- **L** means number of Residential Lots in the applicable Final Subdivision Map at the time of calculation.

Notwithstanding the foregoing, if the Final Subdivision Map(s) used to calculate the Backup Special Tax is subsequently changed or modified, then the Backup Special Tax for the changed or modified area of the Final Subdivision Map shall be determined based on the following formula:

$$B' = \frac{\sum B}{L}$$

The terms above have the following meanings:

- **B'** means the Backup Special Tax for such Fiscal Year.
- $\sum B$  means the sum of the Backup Special Tax for all Assessor's Parcel within the modified area calculated before the changed or modification.
- **L** means number of Residential Lots in the applicable Final Subdivision Map at the time of calculation.

### 4. **Analysis of Special Tax Rates and Total Tax Burden**

At least 30 days prior to the issuance of Bonds, the Assigned Special Tax on Developed Property (set forth in Table 1 above) shall be analyzed in accordance with and subject to the conditions set forth in this Section C.4. At a such time, CFD No. 2020-1 shall select and engage a Price Point Consultant and the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of Residential Units within each Land Use Class.

If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to Residential Units within one or more Land Use Classes of Residential Units constructed or to be constructed within CFD No. 2020-1 exceeds 2.0% of the

Minimum Sale Price of such Residential Units, the Assigned Special Tax shall be reduced to the extent necessary to cause the Total Tax Burden that shall apply to Residential Units within such Land Use Class(es) not to exceed 2.0% of the Minimum Sale Price of such Residential Units.

Each Assigned Special Tax reduction for a Land Use Class shall be calculated by the CFD Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Special Tax, the Backup Special Tax shall also be reduced by the CFD Administrator based on the percentage reduction in Maximum Special Tax revenues within the Final Subdivision Map area(s) where the Assigned Special Tax reductions occurred. Upon determining the reductions, if any, in the Assigned Special Tax and Backup Special Tax required pursuant to this Section C.4, the CFD Administrator shall complete the Certificate of Modification of Special Tax substantially in the form attached here to as Exhibit A (the "Certificate of Modification"), shall execute such completed Certificate of Modifications, and shall deliver such executed Certificate of Modification to CFD No. 2020-1. Upon receipt thereof, if in satisfactory form, CFD No. 2020-1 shall execute such Certificate of Modification. The reduced Assigned Special Tax and Backup Special Tax specified in such Certificate of Modification shall become effective upon the execution of such Certificate of Modification by CFD No. 2020-1.

The Special Tax reduction required pursuant to this section shall be reflected in an amended notice of Special Tax lien, which CFD No. 2020-1 shall cause to be recorded with the County Recorder as soon as practicable after execution of the Certificate of Modification by CFD No. 2020-1.

## **SECTION D**

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

Commencing Fiscal Year 2021/2022 and for each subsequent Fiscal Year, the Board shall levy the Special Tax on all Taxable Property as follows:

- Step One: The Board shall levy the Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Special Tax applicable to such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in Step One are insufficient to satisfy the Special Tax Requirement, then the Board shall Proportionately levy the Special Tax on each Assessor's Parcel of Undeveloped Property up to the Maximum Special Tax applicable to such Assessor's Parcel to satisfy the Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in Step One and Step Two is insufficient to satisfy the Special Tax Requirement, then the Board shall Proportionately increase the Special Tax on each Assessor's Parcel of Developed Property from the Assigned Special Tax up to the Maximum Special Tax applicable to such Assessor's Parcel to satisfy the Special Tax Requirement.

The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

## SECTION E PREPAYMENT OF SPECIAL TAXES

### 1. **Special Tax Prepayment Times and Conditions**

The Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid, provided that there are no delinquent Special Taxes, penalties or interest charges outstanding with respect to such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Special Tax shall provide the School District with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CFD Administrator shall determine the Prepayment Amount for such Assessor's Parcel and shall notify such owner of such Prepayment Amount. Notwithstanding the above, the ability to prepay the Special Tax obligation of an Assessor's Parcel may be suspended, by the Superintendent of the School District or his or her designee, acting in his or her absolute and sole discretion for and on behalf of the District, without notice to the owners of property within the District for a period of time, not to exceed sixty (60) days, prior to the scheduled issuance of Bonds by the District to assist in the efficient preparation of the required bond market disclosure.

### 2. **Special Tax Prepayment Amount**

The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - PAF$$

The terms above have the following meanings:

- **P** means the Prepayment Amount.
- **PVT** means the Present Value of Taxes.
- **PAF** means the Prepayment Administrative Fees.

The amount representing the Present Value of Taxes attributable to the prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District to directly fund eligible public facilities pursuant to the Mitigation Agreement, and after the issuance of Bonds be deposited into the applicable account or fund established under the Indenture and used to pay debt service or redeem bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained by the District.

### 3. **Special Tax Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel for which the Special Tax is prepaid, the Board shall indicate in the records of the District that there has been a prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax obligation and the release of the Special Tax lien on such Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such prepayment net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the CFD Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

## **SECTION F PARTIAL PREPAYMENT OF SPECIAL TAXES**

### **1. Partial Prepayment Times and Conditions**

The Special Tax obligation of an Assessor's Parcel of Taxable Property may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax obligation would be partially prepaid. An owner of an Assessor's Parcel intending to partially prepay the Special Tax obligation shall provide the District with written notice of their intent to partially prepay. Within thirty (30) days of receipt of such written notice, the CFD Administrator shall determine the Partial Prepayment Amount of such Assessor's Parcel and shall notify such owner of such Partial Prepayment Amount.

### **2. Partial Prepayment Amount**

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_E \times F$$

The terms above have the following meanings:

- **PP** means the Partial Prepayment Amount.
- **P<sub>E</sub>** means the Prepayment Amount calculated according to Section E above.
- **F** means the percentage of the Special Tax Obligation which the owner of the Assessor's Parcel intends to prepay.

The amount representing the Present Value of Taxes attributable to the partial prepayment shall, prior to the issuance of Bonds, be deposited into a separate account held with the School District to directly fund eligible public facilities pursuant to the Mitigation Agreement, and after the issuance of Bonds be deposited into the applicable account or fund established under the Indenture and used to pay debt service or redeem bonds. The amount representing the Prepayment Administrative Fees attributable to the partial prepayment shall be retained by the District.

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, the District shall indicate in the records of the District that there has been a partial prepayment of the Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Special Tax obligation and the partial release of the Special Tax lien on such Assessor's Parcel, and the obligation to pay the prepaid portion of the Special Tax for such Assessor's Parcel shall cease. Additionally, the notice shall indicate that the Assigned Special Tax for the Assessor's Parcel has been reduced by an amount equal to the percentage by which the Special Tax was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Taxes that may be levied on Taxable Property, excluding Provisional Undeveloped Property, after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the CFD Administrator. Such determination shall include identifying all Assessor's Parcels that are expected to be classified as Exempt Property.

## **SECTION G TERMINATION OF SPECIAL TAX**

The Special Tax shall be levied for a term of 35 years after Bonds are issued or five (5) years after the final maturity of the Bonds; provided that the Special Tax shall not be levied later than Fiscal Year 2062-2063; and provided, further, that the Special Tax that was lawfully levied in or before such Fiscal Year and that remains delinquent may be collected in subsequent years. However, the Special Tax may cease to be levied in an earlier Fiscal Year if the Board has determined (i) that all required interest and principal payments on the Bonds have been paid, (ii) all authorized facilities of the District to be paid for by the Special Taxes have been acquired or constructed and all reimbursements and remaining obligations have been paid, and (iii) all other obligations of the District under the Mitigation Agreement and any other agreement have been satisfied.

## **SECTION H EXEMPTIONS**

The Board shall classify property as Exempt Property in the chronological order in which each Assessor Parcel becomes (i) owned by the State of California, federal or other local governments, (ii) used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) owned by a homeowners' association, (iv) burdened with a public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are classified as Commercial/Industrial Property, or (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to the Special Taxes accordingly.

**Table 2**  
**Minimum Taxable Acreage**

Minimum Taxable Acreage
12.57 Acres

**SECTION I**  
**APPEALS AND INTERPRETATIONS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator to be received by the CFD administrator not later than six (6) months after having paid the first installment of the Special Tax that is disputed. The reissuance or cancellation of a building permit is not an eligible reason for appeal. In order to be considered sufficient, any notice of appeal must (i) specifically identify the property by address and Assessor's Parcel Number, (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax, (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect, (iv) include all documentation, if any, in support of the claim, and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. 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 Special Tax, and rule on the appeal.

If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund for the Special Tax shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decision shall indicate and any fee charged to the property owner for the appeal process shall be refunded.

The School District or designee thereof shall interpret this Rate and Method of Apportionment of Special Tax for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the School District or designee shall be final.

**SECTION J**  
**MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the District may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of ten percent (10%) of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until such Special Taxes are paid.

## EXHIBIT A

### CERTIFICATE OF MODIFICATION OF SPECIAL TAX (PAGE 1 OF 3)

#### CFD NO. 2020-1 CERTIFICATE

1. Pursuant to Section C.4 of the Rate and Method of Apportionment of Special Tax (the "Rate and Method") for Community Facilities District No. 2020-1 (CFD No. 2020-1) of the San Jacinto Unified School District ("District"), the Assigned Special Tax and the Backup Special Tax for Developed Property within CFD No. 2020-1 has been modified.
  - a. The information in Table 1 relating to the Assigned Special Tax for Developed Property within CFD No. 2020-1, as stated in Section C.1 of the Rate and Method, has been modified as follow:

**Table 1**  
**Assigned Special Tax Rates**

Land Use Class	Land Use Type	Building Square Footage	Assigned Special Tax
1	Residential Unit	≤ 2,200	\$[ ] Per Residential Unit
2	Residential Unit	2,201 – 2,400	\$[ ] Per Residential Unit
3	Residential Unit	> 2,400	\$[ ] Per Residential Unit

- b. The Backup Special Tax for Developed Property, as stated in Section C.3 of the Rate and Method, shall be modified as follows:

The Backup Special Tax in each Fiscal Year for each Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Residential Lot calculated according to the following formula:

$$B = \frac{ZA}{L}$$

The terms above have the following meanings:

- **B** means the Backup Special Tax for such Fiscal Year.
- **Z** means the Maximum Special Tax rate per Acre of Undeveloped Property for such Fiscal Year.
- **A** means the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section H below.

## EXHIBIT A

### CERTIFICATE OF MODIFICATION OF SPECIAL TAX (PAGE 2 OF 3)

- **L** means number of Residential Lots in the applicable Final Subdivision Map at the time of calculation.

Notwithstanding the foregoing, if the Final Subdivision Map(s) used to calculate the Backup Special Tax is subsequently changed or modified, then the Backup Special Tax for the changed or modified area of the Final Subdivision Map shall be determined based on the following formula:

$$B' = \frac{\sum B}{L}$$

The terms above have the following meanings:

- **B'** means the Backup Special Tax for such Fiscal Year.
  - $\sum B$  means the sum of the Backup Special Tax for all Assessor's Parcels within the modified area calculated before the changed or modification.
  - **L** means number of Residential Lots in the applicable Final Subdivision Map at the time of calculation.
2. The Special Tax for Developed Property may only be modified prior to the first issuance of Bonds.
  3. Upon execution of this certificate by CFD No. 2020-1, CFD No. 2020-1 shall cause an amended notice of Special Tax lien for CFD No. 2020-1 to be recorded reflecting the modifications set forth herein.

Capitalized undefined terms used herein have the meanings ascribed thereto the Rate and Method. The modifications set forth in this Certificate have been calculated by the CFD Administrator in accordance with the Rate and Method.



**EXHIBIT A**

**CERTIFICATE OF MODIFICATION OF SPECIAL TAX  
(PAGE 3 OF 3)**

CFD ADMINISTRATOR

By: \_\_\_\_\_

Date:

The undersigned acknowledgement receipt of this Certificate and of modification of the Assigned Special Tax and the Backup Special Tax for Developed Property as set forth in this Certificate.

SAN JACINTO UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2020-1

By: \_\_\_\_\_

Date:

**EXHIBIT “E”**  
**FACILITIES DESCRIPTIONS**

The types of facilities (“Facilities”) proposed to be planned for, designed, acquired, constructed, leased, expanded, improved, rehabilitated and financed by proposed Community Facilities District No. 2020-1 of the San Jacinto Unified School District (“CFD No. 2020-1”), under the Mello Roos Community Facilities Act of 1982, as amended (“Act”), are as follows:

**“School Facilities”** includes, but not by way of limitation, facilities of the San Jacinto Unified School District (“School District”) consisting of the planning, engineering, design, acquisition, construction, lease, improvement, and/or financing of interim and permanent facilities, including classrooms, multi-purpose facilities, administration and auxiliary space at school facilities as reasonably determined from time to time by the School District to be necessary to accommodate the student population to be generated as a result of development, including the property within CFD No. 2020-1, during the term of the special taxes as follows:

(k) TK-12 school sites and facilities, including lease rental payments therefore related to the acquisition of land, or interests in land required for the construction of such on-site or off-site facilities, including, but not limited to, buildings, appurtenances, athletic fields, playgrounds and recreational facilities and improvements thereto, landscaping, access roadways, drainage, sidewalks and gutters and utility lines, as well as portable or relocatable buildings or interim additions to existing buildings at such school facilities.

(l) Modernization, rehabilitation, relocation and expansion of existing school facilities and related infrastructure.

(m) Central support, administrative facilities, special education facilities and transportation facilities, including, but not by way of limitation, buses and vehicles with a useful life of at least five (5) years.

(n) Furniture, equipment and technology, including technology upgrades and mobile devices and infrastructure therefore, with a useful life of at least five (5) years at such school facilities.

(o) The costs attributable to planning, engineering, designing, leasing, financing, acquiring, expanding, relocating, rehabilitating, or constructing (or any combination thereof) of school facilities (including, without limitation, construction management, inspection, materials testing, and construction staking); any “debt,” as defined in Government Code Section 53317(d), the costs to issue and sell any such debt (including, without limitation, underwriters discount, appraisals, market studies, reserve fund, capitalized interest, bond counsel, special tax consultant, bond trustee or fiscal agent, bond and official statement printing, and administrative expenses of the School District and/or CFD No. 2020-1), and all other incidental expenses.

The school facilities shall be constructed, whether or not acquired in their completed states, pursuant to plans and/or specifications approved by the School District. The school facilities described in this Exhibit are representative of the types of improvements to be funded or financed

by CFD No. 2020-1. Addition, deletion or modification of school facilities may be made consistent with the requirements of the School District.

**“EMWD Facilities”** consist of water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of Eastern Municipal Water District, and all appurtenances and appurtenant work in connection with the foregoing, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such EMWD Facilities and any other expense incidental to the construction, acquisition, modification, expansion or rehabilitation of such EMWD facilities. The EMWD Facilities listed herein are representative of the types of improvements authorized to be financed by CFD No. 2020-1. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the Eastern Municipal Water District. Addition, deletion or modification of descriptions of the EMWD Facilities may be made consistent with the requirements of the Board of Directors of Eastern Municipal Water District.

**EXHIBIT “F”**  
**SCHEDULE OF COC PAYMENTS**

Date	Tract No.	Assessable Space	COC Payment	Amount Paid	Party Depositing	Lot No.

**EXHIBIT "G"**

***BULK CERTIFICATE OF COMPLIANCE  
FOR COMMUNITY FACILITIES DISTRICT NO. 2020-1  
OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT  
FOR CERTIFICATE OF COMPLIANCE FOR THE  
SAN JACINTO UNIFIED SCHOOL DISTRICT***

This Bulk Certificate of Compliance ("Bulk Certificate") for Community Facilities District No. 2020-1 of the San Jacinto Unified School District ("CFD No. 2020-1") is issued by the San Jacinto Unified School District ("District") on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. This Bulk Certificate is valid only if signed by both the District and the authorized representative of the below-referenced Owner ("Owner") or successor. The original of this Bulk Certificate, to the extent of unused credits per square foot of "Assessable Space," as defined in Government Code Section 65995(b)(1), shall provide for issuance of Certificate of Compliance by District to permit the building department for the City of San Jacinto ("City") or other applicable governmental agency to issue building permits for the residential construction specified herein. Any copies hereof shall not be valid for such purposes. The real property for which this Bulk Certificate applies is designated and depicted on Attachment "A" hereto. Issuance and continued validity of this Bulk Certificate is made subject to agreement by the Owner to the terms and conditions stated in that certain Mitigation Agreement entitled "School Facilities Funding and Mitigation Agreement Between San Jacinto Unified School District and D.R. Horton Los Angeles Holding Company, Inc." dated \_\_\_\_\_, \_\_\_\_ ("Mitigation Agreement").

**Owner:** \_\_\_\_\_  
**Representative/Contact Person:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Telephone:** (\_\_\_\_) \_\_\_\_\_ **Facsimile:** (\_\_\_\_) \_\_\_\_\_  
**Project Portion:** \_\_\_\_\_  
**Tract Map No./Lot Nos.:** \_\_\_\_\_  
**Square Feet of Assessable Space:** \_\_\_\_\_

In consideration for issuance of this Bulk Certificate, the Owner acknowledges and agrees as follows:

1. The Project is subject to the Mitigation Agreement. The Mitigation Agreement provides that the District shall issue a Bulk Certificate, as necessary, to obtain building permits for construction, in exchange for satisfaction of certain obligations therein related to funds for School Facilities provided to District as described therein. Owner is a party, or successor-in-interest, or partial successor-in-interest with respect to the Mitigation Agreement as to the Project.

2. Owner may assign this Bulk Certificate, in whole or in part, to any other entity or person that has acquired ownership of all or any portion of the Project (“Purchaser”). Upon any such assignment, the Owner and/or the Purchaser shall present to the District an assignment and assumption agreement whereby the Purchaser has agreed to assume, as applicable, all executory obligations provided for in the Mitigation Agreement, together with the original copy of this Bulk Certificate. The District, within five (5) business days thereafter, shall issue to the Owner, and the Purchaser, separate Bulk Certificates, if applicable, specifying the number of unused square feet of Assessable Space deemed to be mitigated thereby, which shall correspond to their respective interests in the Project.

3. Prior to requesting any building permit(s) for construction to occur on the Project pursuant to this Bulk Certificate, the Owner (or Purchaser) shall provide to the District a completed copy of the application for building permit(s) showing the number and type of construction and the calculations by the applicable building department of the square-footage of Assessable Space, as defined in Government Code Section 65995(b)(1), of such construction. The District shall indicate on Attachment B the square footage of Assessable Space originally credited to Owner (or Purchaser), subsequent reductions or the then-applicable reduction in such amount for which Owner (or Purchaser) is then seeking building permits (or any payment, if applicable, made to the District in connection therewith) and the remaining amount of unused mitigated square feet of Assessable Space mitigated pursuant to this Bulk Certificate. Upon receiving credit for all Assessable Space for all units available to be mitigated pursuant to this Bulk Certificate, the Owner (or Purchaser) shall surrender the original of this Bulk Certificate to the District.

*[Remainder of page blank.]*

***Notice of 90-day Period for Protest***

Pursuant to Section 66020 of the Government Code and other applicable law, you have a period of ninety (90) days from the date of payment of school fees, Mitigation Amounts or other exactions to protest the validity thereof. This ninety (90) day period commences upon such payment or performance of any other requirement, as provided in Section 66020. Any such protest related to this Bulk Certificate must be in writing and received by the San Jacinto Unified School District within ninety (90) calendar days of the date signed by Owner (or Purchaser).

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

***Certification of San Jacinto Unified School District***

The San Jacinto Unified School District hereby certifies, by presentation of the original of this Bulk Certificate, that all requirements necessary to obtain this Bulk Certificate as a prerequisite to the issuance of building permit(s) for construction of the square feet of Assessable Space designated on Attachment B have been satisfied or provided for. Such building permit(s) may be issued as indicated on Attachment B hereto, up to the square feet of Assessable Space specified on Attachment B, without requiring further authorization or documentation from the District.

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

*Attachment “A” to Bulk Certificate*  
*[Designation and Depiction of Property]*



*Attachment “B” to Bulk Certificate*

Tract Map No./Lot Nos.: \_\_\_\_\_

Initial Square Feet of Mitigated Assessable Space: \_\_\_\_\_

<b>Project Property</b>	<b>Beginning Balance of Assessable Space</b>	<b>Specific Lots/Parcels on Building Permit Application</b>	<b>Square Feet of Assessable Space</b>	<b>Ending Balance of Assessable Space</b>
	(1)		(2)	(1) – (2)