

RESOLUTION NUMBER 5581

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PERRIS ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE) OF THE CITY OF PERRIS DECLARING ITS INTENTION TO ANNEX CERTAIN TERRITORY THERETO

WHEREAS, the City Council (the “Council”) of the City of Perris, California (the “City”), on November 27, 2007, has heretofore adopted its resolution of intention (the “Resolution of Intention”) stating its intention to form Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the “Act”) being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, within the territory described more fully on the map entitled “Boundary Map, County of Riverside, California, Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris,” a copy of which is on file with the City Clerk of the City of Perris and recorded on December 12, 2007 as Instrument No. 2007-0740619 on page 52 in Book 72 of Maps of Community Facilities Districts and Assessment Districts of the official records of the County of Riverside; and

WHEREAS, on January 8, 2008, the Council adopted Resolutions Nos. 4061 and 4062, which Resolutions established the District and called an election within the District on the proposition of levying a special tax; and

WHEREAS, on January 8, 2008, an election was held within the District at which the qualified electors approved by more than a two-thirds (2/3) vote the proposition of levying a special tax pursuant to a special tax formula (the “Rate and Method of Apportionment”) as set forth in Resolution No. 4061 and attached hereto and incorporated herein as Exhibit “A”, showing the tax levels in fiscal year 2008/09, attached to which is a Certificate of Reduction of the Special Taxes (as defined and approved pursuant to Resolution Number 5580 adopted on September 10, 2019 (“Certificate of Reduction”)); and

WHEREAS, on January 29, 2008, the Council adopted Ordinance No. 1234 (the “Ordinance”) which provided for the levying and collection of special taxes (the “Special Taxes”) within the District, as provided in the Act and the Ordinance in accordance with the Rate and Method of Apportionment; and

WHEREAS, a petition (the “Petition”) requesting the institution of proceedings for annexation to the District signed by the landowners within the proposed territory to be annexed (the “Property”) as more fully described in Exhibit “B”, attached hereto and incorporated herein, has been received, filed with and accepted by the City Clerk of the City of Perris; and

WHEREAS, the Council has duly considered the admissibility and necessity of instituting proceedings to annex the Property to the District under and pursuant to the terms and

conditions and provisions of Article 3.5 of the Act, commencing with Government Code Section 53339; and

WHEREAS, the Council has determined to institute proceedings for the annexation of such Property to the District, and has determined to (a) set forth the boundaries of the territory which is proposed for annexation to the District, (b) state the public facilities, services and incidental expenses to be provided in and for the Property, (c) specify the special taxes to be levied within the Property, and (e) set a date, time and place for a public hearing relating to the annexation of the Property to the District and the levy of special tax therein to pay for such public facilities, services and incidental expenses ; and

WHEREAS, the Special Taxes on the Property will be permanently reduced upon annexation of the Property to the rates shown in the Certificate of Reduction; and

WHEREAS, the property owner has advanced moneys to the City to cover the initial costs of the annexation pursuant to the terms of the Act:

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Perris, California, as follows: That the above recitals are all true and correct.

Section 1. It is the intention of the Council, acting as the legislative body of the District, to annex the Property to the District under and pursuant to the terms and provisions of the Act. The boundaries of the Property proposed for annexation to the District are more particularly described and shown on that certain map entitled “Map of Proposed Boundary of Annexation No. 1 to Community Facilities District No. 2007-2 (Pacific Heritage)” that has been filed with the City Clerk of the City and a copy of which, is described on Exhibit “B”. The City Clerk is hereby authorized and directed to endorse the Certificate on said map evidencing the date and adoption of this resolution and is further authorized and directed to file said map with the County Recorder of the County of Riverside in accordance with the provisions of Section 3111 of the California Streets and Highways Code within fifteen (15) days of the adoption of this resolution and not later than fifteen (15) days prior to the date of the public hearing as set forth in Section 5 hereof.

Section 2. It is the intention of the Council to order the financing of (1) the purchase, construction, modification, expansion, improvement or rehabilitation of the public facilities and fees identified on Exhibit C hereto and incorporated herein by reference, including all furnishings, equipment and supplies related thereto (the “Facilities”), and (2) the incidental expenses to be incurred in connection with financing the Facilities and forming and administering the District (the “Incidental Expenses”). The Facilities are facilities that the City or a public agency is authorized by law to contribute revenue to or to provide. A description of the types of Facilities to be financed is also set forth in Resolution No. 4061, adopted on January 8, 2008 and by this reference incorporated herein. The Property, on a per unit basis, will share in the cost of the Facilities in the same proportion as units with the existing District pursuant to the Rate and Method of Apportionment. The final nature and location of the Facilities will be determined upon the preparation of final plans and specifications which may show substitutes in

lieu of, or modifications to, the Facilities. Any such substitution shall not be deemed a change or modification of the Facilities so long as the substitution provides a service substantially similar to the Facilities. The plan is to integrate all Facilities within the entire District, including any Facilities paid for out of fees.

Section 3. It is the intention of the City Council that, except where funds are otherwise available, to levy annually in accordance with procedures contained in the Act the Special Tax within the District sufficient to pay for the costs of financing the acquisition and/or construction of the Facilities and Incidental Expenses, including the principal and interest and other periodic costs of bonds or other indebtedness proposed to be issued to finance the Facilities, and Incidental Expenses, the establishment and replenishment of reserve funds, the credit enhancement fees, if any, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax and issuance of the bonds, including any foreclosure proceedings, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, discount fees, capitalized interest on bonds as permitted, election costs and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, disclosure counsel, financing consultants and printing costs, and all other administrative costs of the tax levy and bond issue. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the District. The Rate and Method of Apportionment shall remain unchanged as a result of the proposed annexation, except that the rates within the entire District will be reduced as provided in Resolution Number 5580. The Property will be subject to the Special Tax pursuant to the Rate and Method of Apportionment. The special tax as apportioned to each parcel within the Property is apportioned on the basis of benefit and other reasonable factors as determined by the City Council and as permitted by Section 53339.3 of the Act.

Section 4. Notice is hereby given that on the 29th day of October, 2019, at the hour of 6:30 p.m., or as soon thereafter as is practicable, in the chambers of the City Council of the City of Perris, 101 North "D" Street, Perris, California 92570, a public hearing will be held at which the City Council, as the legislative body of the District, shall consider the proposed annexation of the Property, the imposition of the Special Tax and the proposed issuance of bonds by the District and all other matters as set forth in this Resolution of Intention. At the above-mentioned time and place for such public hearing, any persons interested, including all taxpayers, property owners and registered voters within the District and the Property proposed to be annexed, may appear and be heard, and such testimony for or against the proposed annexation will be heard and considered.

Section 5. Any protests may be made orally or in writing, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made. All written protests shall be filed with the City Clerk on or before the time fixed for such public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such public hearing. If written protests against the proposed annexation are filed by fifty percent (50%) or more of the registered voters, or six (6) registered voters, whichever is greater, residing within the existing District, or by fifty percent (50%) or more of the registered voters, or six (6)

registered voters, whichever is greater, residing within the Property proposed to be annexed, or by owners of one-half (1/2) or more of the area of land included within the existing District, or by owners of one-half (1/2) or more of the area of land proposed to be annexed to the District, the proceedings shall be abandoned as to those matters receiving a majority protest.

Section 6. If, following the public hearing described herein, the Council determines to annex the Property to the District and levy a special tax thereon, the Council shall then submit the annexation of the Property and levy of the special tax to the qualified voters of the Property. If at least twelve (12) persons, who need not necessarily be the same twelve (12) persons, have been registered to vote within the territory of the Property for each of the ninety (90) days preceding the close of the public hearing, the vote shall be by registered voters residing within the Property, with each voter having one (1) vote. Otherwise, the vote shall be a mail-ballot election or personal delivery, by the landowners of the Property who are owners of record at the close of the public hearing, with each landowner having one (1) vote for each acre or portion of an acre of land owned within the Property. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner.

Section 7. The City may accept advances of funds or work-in-kind from any sources, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying the cost incurred in annexing the Property to the District. The District may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the Council, with or without interest.

Section 8. The City Clerk is hereby directed to publish a notice (“Notice”) of the hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed District. Such Notice shall contain the text or summary of this Resolution, state the time and place of the hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description of the protest rights of the registered voters and landowners in the proposed District as provided in Section 53324 of the Act and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

Section 9. If the City Council determines to approve the proposed annexation, a special election will be held to authorize the annexation and the levy of the Special Tax in accordance with the procedures contained in Government Code Section 53326. If such election is held, the proposed voting procedure at the election will be a landowner vote with each landowner who is the owner of record of land within the area of the Property at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the Property. Ballots for the special election may be distributed by mail or by personal service.

Section 10. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED and **APPROVED** this 10th day of September, 2019

Michael M. Vargas, Mayor

ATTEST:

Nancy Salazar, City Clerk

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF PERRIS)

I, Nancy Salazar, CITY CLERK OF THE CITY OF PERRIS, DO HEREBY CERTIFY that the foregoing Resolution Number 5581 was duly adopted by the City Council of the City of Perris at a regular meeting of said Council on the 10th day of September, 2019, and that it was so adopted by the following vote:

AYES: CORONA, RABB, ROGERS, VARGAS
NOES: NONE
ABSENT: NONE
ABSTAIN: MAGAÑA

By: _____
Nancy Salazar, City Clerk

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT

**RATE AND METHOD OF APPORTIONMENT
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(PACIFIC HERITAGE)**

A Special Tax shall be levied on all Taxable Property within the boundaries of Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris (“CFD No. 2007-2”) and collected according to the tax liability determined by the Council, through the application of this Rate and Method of Apportionment of the Special Tax to the extent and in the manner herein provided.

1. DEFINITIONS

The terms hereinafter set forth have the following meanings.

“Acre” or “Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, other recorded County parcel map, or other similar instrument. An acre means 43,560 square feet of land.

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

“Administrative Fees” or “Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2007-2 including, but not limited to the costs associated with:

- (i) Computing the Special Taxes;
- (ii) Preparing the Annual Special Tax collection schedules (whether by the City or designee thereof or both);
- (iii) Collecting the Special Taxes (whether by the City, the County or otherwise);
- (iv) Remitting the Special Taxes to the Trustee;
- (v) The Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2007-2, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations;
- (vi) Complying with disclosure or reporting requirements of the City or CFD No. 2007-2, associated with applicable federal and State laws (whether by the City, CFD No. 2007-2, or any designee thereof);
- (vii) Preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2007-2, or any designee thereof related to an appeal of the Special Tax; and

(viii) The City's annual administration fees and third party expenses. Administrative expenses shall also include amounts estimated or advanced by the City or CFD No. 2007-2 for any other administrative purposes of CFD No. 2007-2, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor" means the Assessor of the County of Riverside.

"Assessor's Parcel" means a Lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

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

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Backup Special Tax" means a one-time special tax that may be required to be paid prior to the approval of a proposed land use, entitlement change or permit issuance, subject to the conditions and as set forth in Section 5.

"Bonds" means any bonds or other indebtedness (as defined in the Act) of CFD No. 2007-2, whether in one or more series, including refunding bonds, secured by the levy of Special Taxes.

"Builder" means a home builder other than the Developer acting as the builder of Residential Units within CFD No. 2007-2.

"Building Permit" means a building permit for the construction of one or more Residential Units within CFD No. 2007-2 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of building square footage shall be made by reference to the Building Permit(s) issued for such Assessor's Parcel.

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

"CFD No. 2007-2" means the Community Facilities District No. 2007-2 (Pacific Heritage) of the City.

“CFD Administrator” means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll, calculating the Backup Special Tax, and as necessary, determining prepayment amounts in accordance with Section 7 and Mandatory Special Tax Reductions in accordance with Section 8.

“CFD Formation” means the date at which the City Council approved the formation of CFD No. 2007-2 in accordance with the provisions of the Act.

“City” means the City of Perris, California.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2007-2 as defined under the Act.

“County” means the County of Riverside, California.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1 of such Fiscal Year.

“Delinquency Management Fund” means the fund (regardless of its name), if any, established pursuant to the Indenture, to hold certain funds, not including bond proceeds, for the payment of principal and interest on the Bonds to the extent there are insufficient funds to pay principal and interest on the Bonds prior to any draw on the Reserve Fund. The Delinquency Management Fund Requirement (as defined in the Indenture) shall be an amount as defined in the Indenture.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Undeveloped Property, for which a Building Permit for new construction or renovations was issued prior to April 1 of the previous Fiscal Year.

“Developer” means the developer and their successors, if any, acting as the developer of the property in CFD No. 2007-2.

“Development Plan” means a plan of Residential Units proposed to be built within CFD No. 2007-2 as provided by the Developer or Builder(s) and approved by the City. The development plan shall include the number, square footage, and base sales price of the Residential Units. The Developer or Builder shall file with the City an amended development plan prior to the issuance of any Building Permits if there is a change in the number and/or square footage of the Residential Units.

“Exempt Property” means Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section 10.

“Expected Land Uses” means the total number of Residential Units and Building Square Footage expected to be constructed within CFD No. 2007-2, as determined

from time-to-time by the CFD Administrator by applying the steps described in Section 5 below. The expected land uses at CFD Formation are summarized in Exhibit B hereto; the CFD Administrator shall update Exhibit B if (i) a Mandatory Maximum Special Tax Reduction is applied in accordance with Section 8 below; or (ii) a change occurs to the Development Plan that would change the number of Residential Units within each Land Use Classification as shown in Exhibit B.

“Expected Maximum Special Tax Revenues” means the amount of annual revenue that would be available if the Maximum Special Tax was levied on the Expected Land Uses. The expected maximum special tax revenues as of CFD Formation are shown in Exhibit B to this Rate and Method of Apportionment.

“Facilities” means facilities, fees or improvements authorized to be funded by CFD No. 2007-2.

“Final Bond Sale” means the last series of Bonds that will be issued on behalf of CFD No. 2007-2 (excluding any Bond refundings), as determined in the sole discretion of the City.

“Final Subdivision Map” means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual lots for which Building Permits may be issued without further subdivision.

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

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

“Land Use Class” means any of the land use classes listed in Table 1 or Table 2 under Section 3 below.

“Lot” means a parcel created by a Final Subdivision Map on which a single family residential home can be constructed.

“Mandatory Maximum Special Tax Reduction” means a mandatory reduction of the Maximum Special Tax prior to the issuance of Bonds as set forth in Section 8 below.

“Maximum Special Tax” means the amount of Special Tax, determined in accordance with Section 3 below, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2007-2 owned in fee by a property owner association, including any master or sub-association.

“Property Tax Burden” means the total estimated amount of taxes an owner of a Residential Unit would expect to pay including ad valorem property taxes, Maximum Special Tax, and other special assessments, fees and charges placed on the County property tax bill (but excluding homeowner association dues, property owner association dues, or other non-governmental charges), expressed as a percentage of the expected base sales price of the Residential Unit.

“Proportionately” or “Proportionate” means for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term **“Proportionately”** may similarly be applied to other categories of Taxable Property as listed in Section 4 below.

“Provisional Undeveloped Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section 10, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section 10.

“Public Property” means any property within the boundaries of CFD No. 2007-2, which is owned by, or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Special Tax” means any special tax levied within CFD No. 2007-2 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the term of the Special Tax specified in Section 9.

“Special Tax Requirement” means that amount required in any Fiscal Year to:

- (i) Pay regularly scheduled Debt Service on all Outstanding Bonds;
- (ii) Pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds;
- (iii) Pay Administrative Fees and Expenses;
- (iv) Pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds;
- (v) Accumulate funds to pay directly for acquisition or construction of Facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Undeveloped Property;
- (vi) Pay for reasonably anticipated delinquent Special Taxes; and
- (vii) Pay any amounts required to establish or replenish the Delinquency Management Fund; provided said amounts do not exceed any amount permitted under the Act.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2007-2, which are not exempt from the levy of the Special Tax pursuant to law or Section 10 below.

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

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Provisional Undeveloped Property.

“Zone” means as the context requires, either Zone 1 or Zone 2.

“Zone 1” means all property located within the area identified as Zone 1 in Exhibit A to this Rate and Method of Apportionment.

“Zone 2” means all property located within the area identified as Zone 2 in Exhibit A to this Rate and Method of Apportionment.

2. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2008-2009, each Assessor’s Parcel within CFD No. 2007-2 shall be assigned to Zone 1 or Zone 2 in accordance with Exhibit A to this Rate and Method of Apportionment, and each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall be classified as Developed Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections 3, 4 and 5 below. Furthermore, each Assessor’s

Parcels of Developed Property shall be further classified to its applicable Land Use Class based on its Building Square Footage.

3. MAXIMUM SPECIAL TAX RATES

A. Developed Property

The Maximum Special Tax applicable to an Assessor's Parcel classified as Developed Property for Fiscal Year 2008-2009 shall be determined pursuant to Table 1 for Zone 1 and Table 2 for Zone 2 below.

Table 1
Maximum Special Tax Rates
Zone 1
Fiscal Year 2008-2009

Land Use Class	Building Square Footage	Maximum Special Tax
1	Less than 2,200 Sq. Ft.	\$2,105 per Residential Unit
2	2,200 – 2,499 Sq. Ft.	\$2,349 per Residential Unit
3	2,500 – 2,799 Sq. Ft.	\$2,587 per Residential Unit
4	2,800 – 3,099 Sq. Ft.	\$2,742 per Residential Unit
5	3,100 – 3,399 Sq. Ft.	\$2,925 per Residential Unit
6	3,400 – 3,699 Sq. Ft.	\$3,080 per Residential Unit
7	3,700 Sq. Ft. and Greater	\$3,235 per Residential Unit

Table 2
Maximum Special Tax Rates
Zone 2
Fiscal Year 2008-2009

Land Use Class	Building Square Footage	Maximum Special Tax
1	Less than 2,200 Sq. Ft.	\$2,200 per Residential Unit
2	2,200 – 2,499 Sq. Ft.	\$2,452 per Residential Unit
3	2,500 – 2,799 Sq. Ft.	\$2,697 per Residential Unit
4	2,800 – 3,099 Sq. Ft.	\$2,858 per Residential Unit
5	3,100 – 3,399 Sq. Ft.	\$3,047 per Residential Unit
6	3,400 – 3,699 Sq. Ft.	\$3,208 per Residential Unit
7	3,700 Sq. Ft. and Greater	\$3,368 per Residential Unit

Each July 1, commencing July 1, 2009, the Maximum Special Tax for Developed Property shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

B. Provisional Undeveloped Property and Undeveloped Property

The Maximum Special Tax for Provisional Undeveloped and Undeveloped Property for Fiscal Year 2008-2009 shall be determined by reference to Table 3 below.

**Table 3
Maximum Special Tax Rates
Fiscal Year 2008-2009**

Zone	Maximum Special Tax
Zone 1	\$17,276 per Acre
Zone 2	\$17,843 per Acre

On July 1st of each Fiscal Year, commencing July 1, 2009, the Maximum Special Tax for Provisional Undeveloped Property and Undeveloped Property shall increase by two percent (2.0%) of the amount in effect in the prior Fiscal Year.

4. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing Fiscal Year 2008-2009, the CFD Administrator shall calculate the Annual Special Tax on all Taxable Property in accordance with the following steps:

Step 1: The Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property in an amount up to 100% of the applicable Maximum Special Tax as necessary to satisfy the Special Tax Requirement;

Step 2: If additional monies are needed to satisfy the Special Tax Requirement after Step 1 has been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property;

Step 3: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Annual Special Tax shall be levied in equal percentages on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax for Provisional Undeveloped Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2007-2 by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

5. BACKUP SPECIAL TAX

The Maximum Special Taxes set forth in Section 3 were calculated based on the Expected Land Uses at CFD Formation. For each Zone, the CFD Administrator shall review all applicable Final Subdivision Maps and the Development Plan of CFD No. 2007-2 to confirm that the Final Subdivision Map(s) and Development Plan reflect the number and size of Residential Units that were anticipated at the time of CFD Formation. The Developer and/or Builder shall file an amended Development Plan for each Zone with the City after CFD Formation any time there is a change in the number and/or size of Residential Units.

Prior to Final Bond Sale

If, prior to Final Bond Sale, a change to the Expected Land Uses ("Land Use/Entitlement Change") is submitted by the Developer or Builder that will result in a reduction of the Expected Maximum Special Tax Revenues or a Mandatory Maximum Special Tax Reduction is applied pursuant to Section 8 of this Rate and Method of Apportionment, or any combination thereof, no action shall be required pursuant to this Section 5, provided that the reduction in Expected Maximum Special Tax Revenues does not reduce the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property to less than 1.1 times the annual Debt Service on all Outstanding Bonds. The CFD Administrator shall update Exhibit B to show the reduced Expected Maximum Special Tax Revenues, and the reduced Expected Maximum Special Tax Revenues shall be the amount used by the City to make future decisions with respect to Bonds.

Subsequent to Final Bond Sale

If a proposed Land Use/Entitlement Change or Development Plan submitted by the Developer or Builder would reduce the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property to less than 1.1 times the annual Debt Service on all Outstanding Bonds, the following steps shall be applied:

Step 1: By reference to Exhibit B (which shall be updated by the CFD Administrator in accordance with this Section 5 each time a Land Use/Entitlement change is processed, the Development Plan is changed or a Mandatory Maximum Special Tax Reduction is applied) and by computing the Maximum Special Tax rates in accordance with Section 3 for the current Fiscal Year, the CFD

Administrator shall calculate the Expected Maximum Special Tax Revenues for CFD No. 2007-2.

Step 2: The CFD Administrator shall calculate the Expected Maximum Special Tax Revenues that could be collected from property in the CFD if the Land Use/Entitlement Change is approved or the Development Plan is changed (“Proposed Maximum Special Tax Revenues”);

Step 3: If the amount determined in the second step is higher than that calculated in the first step, the Land Use/Entitlement Change may be approved or the Development Plan may change without further action. If the Expected Maximum Special Tax Revenues calculated in the Step 2 are less than those calculated in Step 1, the Developer or Builder shall pay a one-time Backup Special Tax in an amount calculated pursuant to Section 7.B. The amount of the Backup Special Tax payment shall be equal to the amount necessary to reduce the Debt Service on Outstanding Bonds such that the Proposed Maximum Special Tax Revenues less Administrative Expenses equals 1.1 times the Debt Service after such payment. The Backup Special Tax required by this Step shall be paid prior to the approval of the proposed Land Use/Entitlement Change or the issuance of additional Building Permits.

If multiple Land Use/Entitlement Changes are proposed at one time, the CFD Administrator may consider the combined effect of all Land Use/Entitlement Changes to determine if a reduction in Expected Maximum Special Tax Revenues necessitates implementation of Step 3. If the CFD Administrator determines that there is a reduction in Expected Maximum Special Tax Revenues, and all of the Land Use/Entitlement Changes are being proposed by the same property owner, the CFD Administrator shall determine the amount to be prepaid (pursuant to Step 3) by analyzing the combined effects of all of the proposed Land Use/Entitlement Changes. Notwithstanding the foregoing, if the CFD Administrator analyzes the combined effects of all the proposed Land Use/Entitlement changes, and the City subsequently does not approve any one or more of the proposed Land Use/Entitlement Changes, then the CFD Administrator shall again apply the three steps set forth above to determine the combined effect of the multiple Land Use/Entitlement Changes that were approved simultaneously by the City.

6. COLLECTION OF SPECIAL TAXES

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Tax, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the conditions set forth in this Section 7.

The following definitions apply to this Section 7:

“CFD Public Facilities Costs” means \$6,040,000 in 2007 dollars, which shall increase by the Construction Inflation Index on July 1, 2008, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Facilities, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds) to be supported by Special Taxes.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Facilities.

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

“Future Facilities Costs” means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund, and (iii) monies currently on deposit in an escrow or other earmarked fund that are expected to be available to finance the Facilities.

“Outstanding Bonds” means all Previously Issued Bonds that remain outstanding after the first interest and/or principal payment date following the

current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior prepayments of Special Tax Obligations.

“Previously Issued Bonds” means all CFD No. 2007-2 Bonds that have been issued prior to the date of prepayment.

A. Prepayment in Full

The Special Tax Obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation shall provide the CFD Administrator with written notice of intent to prepay and the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount (defined below) for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made more than 60 days prior to any redemption date for the CFD No. 2007-2 Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

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

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

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, determine the Maximum Special Tax. For Assessor’s Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for

that Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for CFD No. 2007-2 based on the Developed Property Special Taxes which could be levied in the current Fiscal Year on all expected development through build-out of CFD No. 2007-2 as determined by the CFD Administrator, excluding any Assessor's Parcels for which the Special Tax Obligation has been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid rounded up to the nearest \$5,000 increment (the "Bond Redemption Amount"). If a prepayment request is submitted for multiple Assessor's Parcels which are owned by the same entity or individual, then only the sum of the Bond Redemption Amount (calculated without rounding) for all such Assessor's Parcels shall be rounded up to the nearest \$5,000 increment and not the Bond Redemption Amount for each such Assessor's Parcel.
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (expressed as a percentage), if any, on the Outstanding Bonds to be redeemed at the first available call date (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Prepayment Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Administrative Fees and Expenses from the date of prepayment until the earliest redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Take the amount computed pursuant to paragraph 8 and subtract the amount computed pursuant to paragraph 9 (the "Defeasance Amount").

11. Verify the administrative fees and expenses of CFD No. 2007-2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Administrative Fees and Expenses").
12. The reserve fund credit ("Reserve Fund Credit") shall equal the lesser of:
(a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
13. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
14. The Special Tax Obligation is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10, and 11, less the amounts computed pursuant to paragraphs 12 and 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the sum of the amounts computed pursuant to paragraphs 4, 5, and 10, less the amounts computed pursuant to paragraphs 12, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2007-2.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel that is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the aggregate amount of Maximum Special Taxes less Administrative

Expenses that may be levied on Taxable Property in each Fiscal Year, after the proposed prepayment is at least 1.1 times the corresponding Debt Service on all Outstanding Bonds.

B. Partial Prepayment

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

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the partial prepayment amount
- P_E = the Prepayment Amount calculated according to Section 7.A.
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax Obligation. (Such amount shall be rounded up as directed in Section 7.A.4 above)

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

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section 7.A., and (ii) indicate in the records of CFD No. 2007-2 that there has been a partial prepayment of the Special Tax Obligation and that the portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Special Taxes less Administrative Expenses for each Fiscal Year that may be levied on Taxable Property in each Fiscal Year, after the proposed partial prepayment is at least 1.1 times the corresponding Debt Service on all Outstanding Bonds.

8. MANDATORY MAXIMUM SPECIAL TAX REDUCTION

Prior to the issuance of Bonds, the Property Tax Burden on Developed Property shall be calculated by the CFD Administrator pursuant to the Land Secured Financing Policy adopted pursuant to City Council Resolution in effect at the time of CFD Formation (the "Goals and Policies"). The Maximum Special Tax on Developed Property set forth in Section 3.A of this Rate and Method of Apportionment shall be permanently reduced if it is reasonably determined by the CFD Administrator that the Property Tax Burden exceeds the maximum level allowed in the Goals and Policies. In such a case, the CFD Administrator shall take the following steps:

Step 1: The CFD Administrator shall calculate the Property Tax Burden for each Residential Unit within each Land Use Class of Developed Property set forth in Tables 1 and 2.

Step 2: For any Land Use Class of Developed Property set forth in Tables 1 or 2 for which the Property Tax Burden exceeds the maximum level allowed in the Goals and Policies for any Residential Unit classified within such Land Use Class, the Maximum Special Tax shall be permanently reduced so that the highest Property Tax Burden within such Land Use Class equals the maximum level allowed in the Goals and Policies for any Residential Unit.

Step 3: The CFD Administrator shall determine the sum of the reduced Maximum Special Tax as calculated in Step 2 multiplied by the expected number of Residential Units within each Land Use Class expected to be developed within CFD No. 2007-2 at build-out ("Estimated Annual Special Tax Revenues"). The Maximum Special Tax for Undeveloped Property and Provisional Undeveloped Property shall be reduced to an amount equal to the Estimated Annual Special Tax Revenues divided by the minimum taxable Acres set forth in Section 10.

Step 4: If the Mandatory Special Tax Reduction is implemented, then Table 1 and/or Table 2 shall be modified and the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the lower Maximum Special Taxes on Developed Property, Undeveloped Property and Provisional Undeveloped Property.

9. TERM OF SPECIAL TAX

The Special Tax shall be levied until the last series of Bonds has been fully repaid, provided that the Special Tax may be levied after the last series of Bonds has been repaid if necessary to collect delinquencies or pay for additional Facilities, but shall not in any event be levied for a period to exceed forty (40) Fiscal Years commencing with Fiscal Year 2008-2009.

10. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization (iv) Assessor's Parcels developed or planned to be developed exclusively for any type of non-residential use, (v) Assessor's Parcels with public utility easement by the restriction, as determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property to less than 13.22 Acres in Zone 1 or less than 9.20 Acres in Zone 2 . Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property to less than 13.22 Acres in Zone 1 or less than 9.20 Acres in Zone 2 shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Taxes accordingly. Tax exempt status for this purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section 10 above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

11. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than twelve (12) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner believes such error still exists, such person may file a written notice with the City Manager or designee of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of such notice, the City Manager or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. The City Manager or designee thereof shall interpret this Rate and Method of Apportionment and make determinations relative to the administration of the Special Tax and any landowner appeals herein specified. The decision of the City Manager or designee shall be final and binding as to all persons.

CERTIFICATE OF REDUCTION OF SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE) OF THE CITY OF PERRIS

1. Pursuant to Section 8 of the Rate and Method of Apportionment (the "Rate and Method") for Community Facilities District No. 2007-2 (Pacific Heritage) of the City of Perris ("CFD No. 2007-2"), the City of Perris ("City") and CFD No. 2007-2 hereby reduce the Maximum Special Tax for property within CFD No. 2007-2, as reflected herein.

The information in Tables 1, 2 and 3 of the Rate and Method relating to the Maximum Special Tax for property within CFD No. 2007-2 shall be modified commencing with Fiscal Year 2019-20 as follows:

**Table 1
Maximum Special Tax Rates*
Zone 1
Fiscal Year 2019-2020**

Land Use Class	Building Square Footage	Maximum Special Tax
1	Less than 2,200 Sq. Ft.	\$2,405 per Residential Unit
2	2,200 – 2,499 Sq. Ft.	\$2,510 per Residential Unit
3	2,500 – 2,799 Sq. Ft.	\$2,720 per Residential Unit
4	2,800 – 3,099 Sq. Ft.	\$2,933 per Residential Unit
5	3,100 – 3,399 Sq. Ft.	\$2,973 per Residential Unit
6	3,400 – 3,699 Sq. Ft.	\$3,295 per Residential Unit
7	3,700 Sq. Ft. and Greater	\$3,460 per Residential Unit

Table 2
Maximum Special Tax Rates*
Zone 2
Fiscal Year 2019-2020

Land Use Class	Building Square Footage	Maximum Special Tax
1	Less than 2,200 Sq. Ft.	\$2,096 per Residential Unit
2	2,200 – 2,499 Sq. Ft.	\$2,315 per Residential Unit
3	2,500 – 2,799 Sq. Ft.	\$2,616 per Residential Unit
4	2,800 – 3,099 Sq. Ft.	\$2,753 per Residential Unit
5	3,100 – 3,399 Sq. Ft.	\$2,880 per Residential Unit
6	3,400 – 3,699 Sq. Ft.	\$2,971 per Residential Unit
7	3,700 Sq. Ft. and Greater	\$3,036 per Residential Unit

Table 3
Maximum Special Tax Rates*
Fiscal Year 2019-2020

Zone	Maximum Special Tax
Zone 1	\$20,523 Per Acre
Zone 2	\$20,523 Per Acre

** On July 1st of each Fiscal Year, commencing with July 1, 2020, the Maximum Special Tax Rates in Tables 1, 2 and 3 above shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.*

2. The Maximum Special Tax may only be modified prior to the first issuance of Bonds related to CFD No. 2007-2.
3. Upon execution of the certificate by the City and CFD No. 2007-2, the City shall cause an amended notice of Special Tax lien for CFD No. 2007-2 to be recorded reflecting the modifications set forth herein.
4. The reductions herein have been calculated by Willdan Financial Services, the administrator of CFD No. 2007-2.
5. The reductions herein are reasonable and in accordance with Section 8 of the Rate and Method.

By execution hereof, the undersigned acknowledges, on behalf of the City and CFD No. 2007-2, receipt of this certificate and modification of the Rate and Method as set forth in this certificate. Capitalized undefined terms used herein have the meaning ascribed thereto in the Rate and Method.

CITY OF PERRIS

By: _____
City Manager

Date: _____

COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE) OF THE CITY OF PERRIS

By: _____
City Manager

Date: _____

WILDAN FINANCIAL SERVICES

By: _____
Administrator

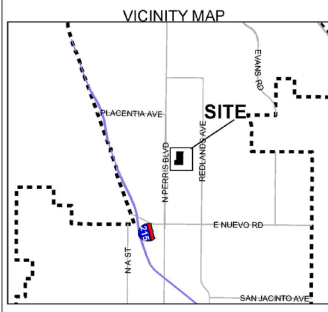
Date: _____

EXHIBIT B

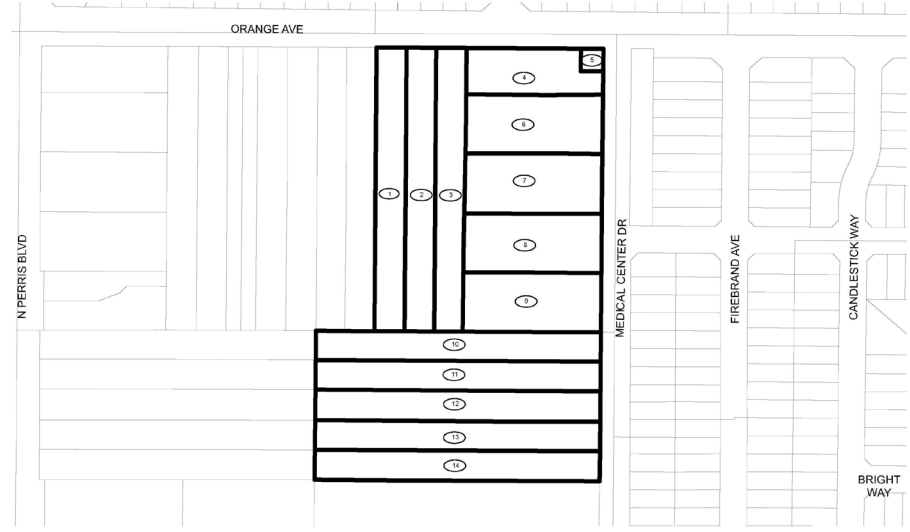
BOUNDARY MAP

[on following pages]

**PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2007-2
(PACIFIC HERITAGE)
ANNEXATION MAP NO. 1**



MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER
1	320-010-013	8	320-010-020
2	320-010-014	9	320-010-021
3	320-010-015	10	320-050-006
4	320-010-016	11	320-050-007
5	320-010-017	12	320-050-008
6	320-010-018	13	320-050-009
7	320-010-019	14	320-050-010



FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 20__.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF ANNEXATION NO. 1 TO COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE), CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF PERRIS AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK
CITY OF PERRIS

FILED THIS _____ DAY OF _____, 20__, AT THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE(S) _____ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

PETER ALDANA, ASSESSOR-COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

REFERENCE IS MADE TO THAT BOUNDARY MAP OF COMMUNITY FACILITIES DISTRICT NO. 2007-2 (PACIFIC HERITAGE) OF THE CITY OF PERRIS RECORDED WITH THE RIVERSIDE COUNTY RECORDER'S OFFICE ON DECEMBER 12, 2007, IN BOOK 72 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 52.

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM 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.

- Legend**
- ZONE 2 - ANNEXATION BOUNDARY
 - MAP REFERENCE NUMBER
 - CITY OF PERRIS BOUNDARY



EXHIBIT C
FACILITIES

The General Description of the Facilities that may be acquired or constructed is as follows:

- Street facilities, including, but not limited to, major arterials, highways, intersections, access ramps, roadways, sidewalk, curb, gutters, striping, lighting, traffic signalization, signage, landscaping of public streets and rights-of-way and appurtenant facilities;
- Storm control facilities, including, but not limited to, storm drains, channels, detention, headwalls, riprap pads, retention and/or catch basins and appurtenant facilities;
- Sewer improvements, sanitary sewers, including, but not limited to, lift stations, force mains, pump stations, transmission and main lines, valves, and appurtenant facilities;
- Domestic water facilities, including, but not limited to, reservoirs, pump stations, transmission lines, distribution facilities, main lines, valves, fire hydrants and appurtenant facilities;
- Park, recreational facilities, open space and appurtenant facilities;
- Impact and other fees, including but not limited to, TUMF, DIF, school fees, water fees, drainage fees, sewer treatment and connection fees, water supply fees, water meter fees, water connection fees, storm drain fees, capital facilities' fees and other city fees and all capital facilities which are part of these fee programs and capital improvement programs;
- Incidental expenses.
- City facilities.

OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriter's discount, reserve fund, capitalized interest, financial advisor fees and expenses, bond and disclosure counsel fees and expenses, special tax consultant fees and expenses, dissemination agent fees and all other incidental expenses.
2. Administrative fees of the City and the Bond trustee or fiscal agent related to the District and the Bonds.
3. Reimbursement of costs related to the formation of the District advanced by the City or any related entity, or any landowner or developer within the District, as well as reimbursement of any costs advanced by the City or any related entity, or any landowner or developer within the District, for facilities or other purposes or costs of the District.

This description of the public capital facilities is general in nature. The final nature and location of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans and specifications may show substitutes in lieu of, or modifications to, proposed work. Any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in the Report.