

UNANIMOUS APPROVAL

**Community Facilities District No. 2020-1
of the City of Escondido (Services)**

_____, 20____

Community Facilities District No. 2020-1
of the City of Escondido (Services)
201 North Broadway
Escondido, CA 92025
Attention: City Manager

The City of Escondido (the “City”) has formed Community Facilities District No. 2020-1 of the City of Escondido (Services) (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”). The purpose of the District is to finance (1) certain services caused by development within the District (collectively, the “Services”) described in Attachment “B” to Resolution No. 2020-24 of the City Council of the City adopted April 8, 2020 (the “Resolution of Intention,” attached hereto as Exhibit 2 and incorporated herein by this reference) and (2) “Incidental Expenses” as said term is defined in Attachment “C” to the Resolution of Intention (Rate and Method of Apportionment of Special Taxes).

The undersigned property Owner (the “Owner”) hereby states and certifies under penalty of perjury as follows:

1. This Unanimous Approval is submitted by the Owner who is the record owner of fee title to the real property and improvements thereon as described in Exhibit 1, attached hereto and incorporated herein by this reference (collectively, the “Annexation Territory”). The Owner has provided the District valid and current evidence of its ownership of fee title to the Annexation Territory and possesses all legal authority necessary to execute this Unanimous Approval.

2. There are no registered voters residing within the Annexation Territory and have been none during the 90-day period preceding _____, 20____.

3. This Unanimous Approval constitutes the unanimous approval of the Owners in favor of the following within the meaning of Sections 53329.6, 53339.2 and 53339.3 of the Act:

(a) Annexation. The annexation of the Annexation Territory to the District for the purpose of financing the Services and Incidental Expenses set forth in Attachment “B” to the Resolution of Intention (Exhibit 2 hereto).

(b) Special Tax. The levy of special taxes in the Annexation Territory to finance the Services and the Incidental Expenses in accordance with the Rate and Method of Apportionment of Special Taxes described within Attachment “C” to the Resolution of Intention (Exhibit 2 hereto) and this Unanimous Approval (the “Special Tax”).

4. Pursuant to Section 53329.6 of the Act, this Unanimous Approval constitutes the vote of the qualified elector in favor of the matters addressed in this Section 3 for purposes of the California Constitution, including but not limited to Articles XIII A and XIII C.

5. The Owner hereby acknowledges that no further hearings or procedures are required with respect to the approval of the matters set forth in Section 3 above.

6. The Owner understands and hereby unanimously approves that the Special Tax is authorized to be levied on the Annexation Territory annexed to the District, and the lien is a continuing lien that shall secure each annual levy of the Special Taxes and that shall continue in force and effect until the Special Tax obligation is canceled in accordance with law or until the Special Tax ceases to be levied and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Government Code.

7. The Owner hereby waives any and all requirements with respect to the approval of the matters set forth in this Unanimous Approval, including without limitation the preparation of an impartial analysis, arguments, or rebuttals concerning elections as provided for by Sections 9160 to 9167, inclusive, and Section 9190 of the Elections Code, and preparation of a tax rate statement as provided in Section 9401 of the Elections Code and any further notices of such approvals as may be required pursuant to the Elections Code or the Government Code. Having been fully advised with respect to the approval process set forth herein, the Owner waives compliance with any and all provisions of the Elections Code and Government Code, and with any other time limits or requirements pertaining to this Unanimous Approval.

8. The Owner hereby represents that compliance with any additional procedural requirements for the Unanimous Approval provided for herein, including the receipt of any arguments for or against such approval and impartial analyses and the time limitations that may apply in connection with scheduling, mailing, and publishing notices, are unnecessary in light of the fact that the undersigned has received sufficient information regarding the imposition of the Special Tax as set forth in Resolution No. 2020-44 of the City Council of the City adopted May 13, 2020 (the "Resolution of Formation") to allow it to properly complete this Unanimous Approval. The Owner further waives its right to make any protest or complaint or undertake any legal action challenging the validity of this Unanimous Approval and any proceedings taken in connection therewith or the levy of the Special Tax to finance the costs of the Services for the benefit of the Annexation Territory.

9. The Owner hereby authorizes the District to execute and cause to be recorded in the Office of the County Recorder of the County of San Diego a Notice of Special Tax Lien in accordance with Streets and Highways Code section 3117.5, which shall give notice that a lien to secure payment of the Special Tax is imposed by the District. The Owner further represents that there is no currently pending transfer of the Annexation Territory, or anticipated transfer of the Annexation Territory, that will affect the ability to record a Notice of Special Tax Lien or complete any other procedural steps described in this Unanimous Approval.

10. The Owner hereby warrants to the District that the presentation of this Unanimous Approval, any vote, consent, or waiver contained herein, and any other action mandated by the City for the annexation of the Annexation Territory to the District, shall not constitute or be construed as an event of default or delinquency under any existing or proposed financing document entered into or to be entered into by the Owner for the Annexation Territory, including without limitation any "due-on-encumbrance" clause under any existing security instrument secured by the Annexation Territory.

11. The Owner hereby agrees to comply with Section 53341.5 of the Government Code with respect to disclosures about the Special Tax to prospective purchasers of the Annexation Territory or any part of it.

12. The Owner hereby further agrees to execute any additional or supplemental agreements that may be reasonably required by the District to provide for any of the actions and conditions described in this Unanimous Approval.

13. The Owner hereby represents that (i) the signature page of this Unanimous Approval identifies all persons and entities holding title to the Annexation Territory, and (ii) no consent or approval of any third party is required for the Owner's execution of this Unanimous Approval except for any such consent or approval that the Owner has already obtained.

14. This Unanimous Approval shall be effective upon its execution and delivery.

I certify under the penalty of perjury under the laws of the State of California that the foregoing Unanimous Approval is true and correct; I have the authority to execute this Unanimous Approval as, or on behalf of, the Owner; and this Unanimous Approval is hereby executed this ____ day of _____ 20____ in _____, California.

(signature)

Name: _____

Title: _____

(Above signature must be notarized; Acknowledgement page follows.)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA]

COUNTY OF _____]

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (Seal)

EXHIBIT 1

ANNEXATION TERRITORY

Real property in the City of Escondido, County of San Diego, State of California, described as follows:

Assessor's Parcel Nos:

RESOLUTION NO. 2020-24

A RESOLUTION OF CITY COUNCIL OF THE CITY OF ESCONDIDO DECLARING ITS INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF ESCONDIDO (SERVICES), TO AUTHORIZE THE LEVY OF A SPECIAL TAX ON PROPERTY WITHIN THE DISTRICT TO PAY THE COSTS OF PROVIDING PUBLIC SERVICES

WHEREAS, the City of Escondido (the “City”) has received a petition (the “Petition”) signed by the owner of more than ten percent of the land within the boundaries of the territory which is proposed for inclusion in a proposed community facilities district which meets the requirements of Sections 53318 and 53319 of the Government Code of the State of California; and

WHEREAS, the City Council of the City (the “City Council”) desires to adopt this resolution of intention as provided in Section 53321 of the Government Code of the State of California to establish a community facilities district consisting of the territory described in Attachment “A” hereto and incorporated herein by this reference, which the City Council hereby determines shall be known as “Community Facilities District No. 2020-1 of the City of Escondido (Services)” (“Community Facilities District No. 2020-1” or the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the “Act”) to (1) finance the services described in Attachment “B” hereto and incorporated herein by this reference (the “Services”), and (2) finance the incidental expenses to be incurred in connection with forming and administering the District and financing the Services (the “Services Incidental Expenses”); and

WHEREAS, pursuant to Section 53339.3 of the Act, the City Council proposes to designate the remainder of the property outside of the District but within the City and its sphere of as territory proposed for future annexation into the District (the “Future Annexation Area”), with the condition that a parcel or parcels within such Future Annexation Area may be annexed and subjected to the special tax of the District only with the unanimous approval of the owner or owners of the parcel or parcels at the time of annexation or in compliance with other procedures established by the Act; and

WHEREAS, the City Council further intends to approve an estimate of the costs of the Services and the Services Incidental Expenses for the District; and

WHEREAS, it is the intention of the City Council to consider financing the Services and the Services Incidental Expenses through the formation of the District and the levy of a special tax to pay for such Services and Services Incidental expenses;

BE IT RESOLVED by the City Council of the City of Escondido that:

SECTION 1. The above recitals are true and correct.

SECTION 2. A community facilities district is proposed to be established under the terms of the Act. It is further proposed that the boundaries of the community facilities district shall be the legal boundaries as described in Attachment “A” hereto, which boundaries shall, upon recordation of

EXHIBIT 2

the boundary map for the District, include the entirety of any parcel initially subject to taxation by the District, and as depicted on the map of the proposed District which is on file with the Clerk of the Board. The City Clerk is hereby directed to sign the original map of the District and record it with all proper endorsements thereon with the County Recorder of the County of San Diego within 15 days after the adoption of this resolution, all as required by Section 3113 of the Streets and Highways Code of the State of California.

SECTION 3. The City Council further proposes to designate the Future Annexation Area as property proposed for annexation into the District in the future, with the condition that a parcel or parcels within such Future Annexation Area may be annexed to the District and subject to taxation by the District only with the unanimous approval of the owner or owners of such parcel or parcels at the time that such parcel or parcels are annexed to the District. Property within the Future Annexation Area may be annexed into the District in one or more Zones (as defined in the rate and method of apportionment attached as attachment “C” hereto (the “Rate and Method”)) with Maximum Special Tax rates (as defined in the Rate and Method) designated by the District and unanimously approved by the property owners of such Zone.

SECTION 4. The name of the proposed community facilities district shall be “Community Facilities District No. 2020-1 of the City of Escondido (Services).”

SECTION 5. The Services proposed to be provided for the benefit of the District are public services as defined in the Act, and this City Council finds and determines that the Services to be financed are in addition to those provided in the territory of the District, including the Future Annexation Area, at the present time and do not supplant services already available within the territory of the District at the present time. The City Council hereby finds and determines that the description of the Services herein is sufficiently informative to allow taxpayers within the proposed District, including the Future Annexation Area, to understand what the funds of the District may be used to finance. The Services Incidental Expenses expected to be incurred include the costs of planning the Services, the costs of forming the District, the cost of levying and collecting a special tax within the proposed District and the cost of administration.

SECTION 6. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a separate special tax, secured by recordation of a continuing lien against all nonexempt real property in the District, sufficient to pay for the Services and the Services Incidental Expenses. Notwithstanding the foregoing, the District shall not record a special tax lien on property within the Future Annexation Area until the owner or owners of the parcel or parcels thereof have given their unanimous approval of the parcel’s or parcels’ annexation to the District. The Rate and Method and manner of collection of the special taxes are described in detail in Attachment “C” attached hereto, which Attachment “C” is incorporated herein by this reference. Attachment “C” allows each landowner within the District to estimate the maximum amount that may be levied against each parcel.

The special taxes for Services may be increased based on the consumer price index by an amount not to exceed two percent (2%) per year to the extent permitted in the Rate and Method. The special tax for Services may be levied for such period as the Services are needed, as further described in Attachment “C” hereto, provided that under no circumstances will such special tax be increased with respect to residential property as a consequence of delinquency or default by the owner of any other parcel or parcels within the District by more than ten percent.

EXHIBIT 2

The special taxes are based on the expected demand that each parcel of real property within proposed District will place on the Services. The City Council hereby determines that the proposed Services are necessary to meet the increased demand placed upon the City to provide such services. The City Council hereby determines Rate and Method set forth in Attachment "C" to be reasonable. The special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and such special taxes are not on or based upon the value or ownership of real property.

SECTION 7. A public hearing (the "Hearing") on the establishment of the proposed Community Facilities District No. 2020-1, the proposed Rate and Method of the special taxes to finance the Services and the Services Incidental Expenses shall be held at 5:00 p.m., or as soon thereafter as practicable, on May 13, 2020, at the City Council Chambers at 201 North Broadway, Escondido, California. Should the City Council determine to form the District, a special election will be held to authorize the levy of the special taxes in accordance with the procedures contained in Government Code Section 53326. If 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 District (excluding the Future Annexation Area) at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within the proposed District. Ballots for the special election may be distributed by mail or by personal service.

SECTION 8. The City Council does not intend to make any adjustment in property taxation pursuant to Sections 53313.6 and 53313.7 of the Act.

SECTION 9. At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within proposed Community Facilities District No. 2020-1, may appear and be heard.

SECTION 10. Each City officer who is or will be responsible for administering the proposed Community Facilities District No. 2020-1, if it is established, is hereby directed to study the proposed District and, at or before the time of the above-mentioned Hearing, file a report with the City Council containing a brief description of services by type which will in his or her opinion be required to meet adequately the needs of Community Facilities District No. 2020-1 and an estimate of the cost of providing those services, and an estimate of the fair and reasonable cost of Services Incidental Expenses to be incurred.

SECTION 11. The District may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose, including, but not limited to, paying any cost incurred in creating Community Facilities District No. 2020-1. 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 City Council, with or without interest.

SECTION 12. The City Clerk is hereby directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of proposed Community Facilities District No. 2020-1. The City Clerk is further directed to mail a copy of the Notice to each landowner within the boundaries of the District at least 15 days prior to the Hearing. The Notice shall contain the text or a summary of this Resolution, 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

EXHIBIT 2

in the proposed district 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 13. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED this 8th day of April, 2020.

Mayor of the City of Escondido

ATTEST:

City Clerk of the City of Escondido

EXHIBIT 2

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss
CITY OF ESCONDIDO)

I, Zack Beck, City Clerk of said City, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City and was signed by the Mayor of said City at an adjourned regular meeting of said City Council held on the 8th day of April, 2020 and was approved by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

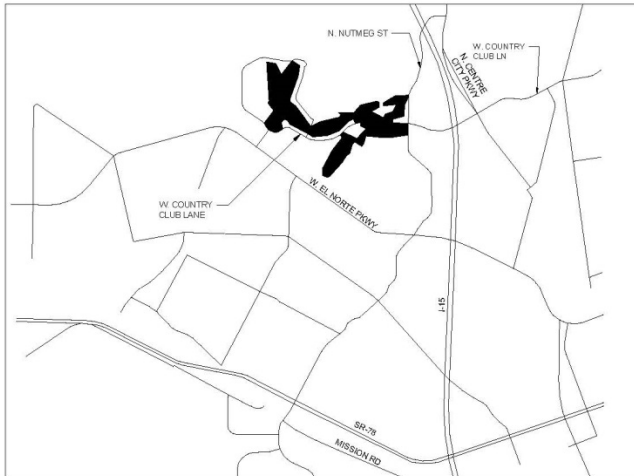
CITY CLERK

BY: _____
City Clerk of the City of Escondido

ATTACHMENT A

PROPOSED BOUNDARIES
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO
(SERVICES)

PROPOSED BOUNDARY MAP OF
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(SERVICES)
ZONE 2020-1 (THE VILLAGES)
OF THE CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF
ESCONDIDO, THIS _____ DAY OF _____, 2020.

BY: _____
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES
OF COMMUNITY FACILITIES DISTRICT NO. 2020-1 ZONE 2020-1 (THE
VILLAGES) OF THE CITY OF ESCONDIDO, COUNTY OF SAN DIEGO,
STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF
THE CITY OF ESCONDIDO AT A REGULAR MEETING THEREOF, HELD
ON THE _____ DAY OF _____, 2020 BY ITS
RESOLUTION NO. _____

BY: _____
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

FILED THIS _____ DAY OF _____, 2020, AT THE
HOUR OF _____ O'CLOCK _____ M. AS DOCUMENT
NO. _____ IN BOOK _____ PAGE _____ OF MAPS OF
ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS IN THE OFFICE
OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO,
CALIFORNIA.

BY: _____
DEPUTY RECORDER
COUNTY RECORDER ERNST J. DRONENBURG, JR.
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

SDFA

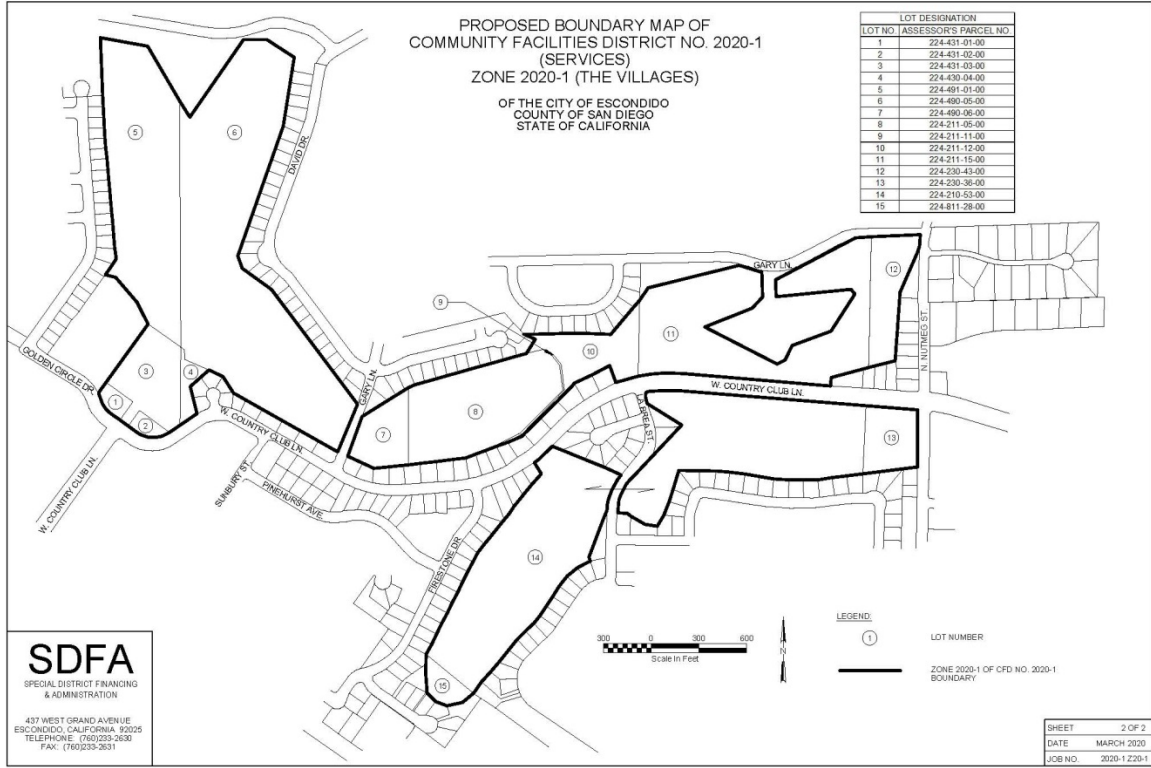
SPECIAL DISTRICT FINANCING
& ADMINISTRATION

437 WEST GRAND AVENUE
ESCONDIDO, CALIFORNIA 92025
TELEPHONE: (760)233-2630
FAX: (760)233-2631

VICINITY MAP
NOT TO SCALE

SHEET 1 OF 2
DATE MARCH 2020
JOB NO. 2020-1 220-1

EXHIBIT 2



ATTACHMENT B

**TYPES OF SERVICES TO BE FINANCED BY
COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO
(SERVICES)**

The services which may be funded with proceeds of the special tax of CFD No. 2020-1, as provided by Section 53313 of the Act, include the following (collectively, the “Services”):

- (i) maintenance of parks, parkways, park lighting, sidewalks, signage, landscaping in public areas, easements or right of way and open space;
- (ii) flood and storm protection services;
- (iii) the operation of storm drainage systems;
- (iv) maintenance of streets and roadways, traffic signals and street lighting;
- (v) graffiti and debris removal from public improvements;
- (vi) public safety services including police, fire protection and fire suppression; and
- (vii) maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City of Escondido.

In addition to payment of the cost and expense of the forgoing services, proceeds of the special tax may be expended to pay “Administrative Expenses” as said term is defined in the Rate and Method of Apportionment and to establish an operating reserve for the costs of services as determined by the CFD Administrator. Capitalized terms used and not defined herein shall have the meanings set forth in the Rate and Method of Apportionment of Special Tax for CFD No. 2020-1.

ATTACHMENT C

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
COMMUNITY FACILITIES DISTRICT NO. 2020-1
(Services)
CITY OF ESCONDIDO**

A Special Tax (as hereinafter defined) shall be levied on all Assessor's Parcels within Community Facilities District No. 2020-1 ("CFD No. 2020-1") of the City of Escondido ("City") and collected each Fiscal Year commencing in Fiscal Year 2020-2021, in an amount determined by the City Council, through the application of this Rate and Method of Apportionment of Special Taxes as described below. All of the real property within the boundaries of CFD No. 2020-1, unless exempted by law or by the provisions hereof, shall be subject to the Special Tax for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the acreage is not shown on an Assessor's Parcel Map, the acreage shown on the applicable Final Map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the CFD Administrator or a designee.

"Act" means the Mello-Roos Community 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 the following actual or reasonably estimated costs directly related to the formation, annexation and administration of CFD No. 2020-1, including but not limited to the following: (i) the costs of computing the Special Taxes and preparing and presenting to City Council the Special Tax collection schedules (whether by the City or designee thereof or both); (2) the costs of collecting the Special Taxes (whether by the County or otherwise); (3) the costs to the City, CFD No. 2020-1 or any designee thereof in responding to property owner and public inquiries regarding CFD No. 2020-1, including its Special Taxes; (4) the costs of the City, CFD No. 2020-1 or any designee related to an appeal of the Special Tax; (5) the costs of the City, CFD No. 2020-1 or any designee related to preparing required reporting obligations; (6) the City's annual administration fees and third party expenses; (7) the costs of City staff time and reasonable overhead relating to CFD No. 2020-1; and (8) amounts estimated or advanced by the City or CFD No. 2020-1 for any other administrative purposes of CFD No. 2020-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor" means the County Assessor.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number located within the boundaries of CFD No. 2020-1.

EXHIBIT 2

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s parcel number.

“Building Permit” means the first legal document issued by the City giving official permission for the construction of a building on an Assessor’s Parcel. For purposes of this definition and application of the Special Tax, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

“CFD Administrator” means the Finance Director or other official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes and performing the other duties provided herein.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 of the City of Escondido.

“City” means the City of Escondido, California.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2020-1, or its designee.

“County” means the County of San Diego, California.

“Density” means the maximum number of dwelling units permitted per acre, including streets within the development, excluding all ultimate circulation element street rights-of-way, adjustments for floodways as defined by the Federal Emergency Management Agency (FEMA) or the City, slope categories, and other environmental factors as designated in each land use category and/or open space/ conservation element. All as further defined within the City’s General Plan adopted May 2012 per Resolution 2012-52, as amended from time-to-time. Density shall be determined by the CFD Administrator prior to annexation.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued prior to March 1st of the prior Fiscal Year.

“Dwelling Unit” or “DU” means, as defined in the City of Escondido Municipal Code 32.102 and amended from time to time, each residential unit, without regard to the square footage of the Dwelling Unit, including but not limited to an individual single-family detached Dwelling Unit, small lot single-family Dwelling Unit, townhome, condominium, apartment, or other such residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure that comprises an independent facility capable of conveyance or rental separate from the primary Dwelling Unit(s). Dwelling Unit does not include an attached or detached accessory dwelling unit, as defined in the Section 33-8 of the Escondido Zoning Code, as amended from time-to-time.

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

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

“Index” means the Consumer Price Index as published by the United State Department of Labor, titled “CPI for All Urban Consumers.” Further defined with the Series Title, “All items

EXHIBIT 2

in San Diego – Carlsbad, CA, all urban consumers, not seasonally adjusted”. If this Index is no longer available, an alternative comparable Index will be chosen by the CFD Administrator.

“Land Use Category” means any of the categories listed in Section C, Table 1 which resulted from the initial analysis of the impacts from new Dwelling Units for providing Services and Appendix A, as to the initial property within CFD No. 2020-1, which may be updated from time to time as annexations occur.

“Maximum Special Tax” means for each Assessor’s Parcel and each Fiscal Year, the Maximum Special Tax, determined in accordance with Section C, below, that may be levied on such Assessor’s Parcel in such Fiscal Year.

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

“Proportionately” means for Taxable Property, that the ratio of actual Special Tax levy to the Maximum Special Tax rate is equal for all applicable Assessor’s Parcels within the Zone.

“Rate and Method of Apportionment” means the “Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2020-1 of the City of Escondido.”

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

“Services” means services authorized to be funded by CFD No. 2020-1.

“Special Tax(es)” means the Special Tax authorized to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within the boundaries of CFD No. 2020-1 in accordance with this Rate and Method of Apportionment.

“Special Tax Requirement” means, subject to the Maximum Special Tax, that amount to be collected in any Fiscal Year to pay for the Services as otherwise required to meet the needs of CFD No. 2020-1. The Special Tax Requirement include the costs for (1) the Services, and (2) Administrative Expenses, less (3) a credit for funds available to reduce the Special Tax levy, if any, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2020-1 which are not exempt from the Special Tax pursuant to law or Section D below.

“Undeveloped Property” means, for each Fiscal Year, all Assessor’s Parcels, or portions thereof, of Taxable Property not classified as Developed Property.

“Zone” means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2020-1 is identified as Zone 2020-1. Additional Zones may be created when property is annexed into CFD No. 2020-1.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, beginning with Fiscal Year 2020-21, all property within CFD No. 2020-1 shall be classified as Taxable Property or Exempt Property. Each Assessor Parcel of Taxable Property shall be further classified as Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Section C below. Assessor’s Parcels of Taxable Developed Property shall further be classified into Land Use Categories.

C. MAXIMUM SPECIAL TAX

An Assessor’s Parcel may contain more than one Land Use Category. The Maximum Special Tax which may be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax that can be imposed based on each Land Use Category applicable to such Assessor’s Parcel.

1. Developed Property

a. Maximum Special Tax

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to the Maximum Special Tax. The Maximum Special Tax applicable for Developed Taxable Property within Zone 2020-1 was determined through the application of Table 1, and is as shown in Appendix A. Appendix A will be updated at the time of each annexation to reflect the Land Use Categories and applicable Maximum Special Taxes for each annexed Zone or by areas within each annexed Zone.

The Maximum Special Tax for Fiscal Year 2020-2021 applicable to an Assessor’s Parcel of Developed Property shall be determined using Table 1 below.

**TABLE 1
Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit*
Fiscal Year 2020-2021**

Land Use Category	Density	Unit	Special Tax Per Unit
1	Less than 5.5 DU/Acre	DU	\$536.00
2	5.5 to less than 18 DU/Acre	DU	\$743.00
3	18.0 to less than 30 DU/Acre	DU	\$725.00
4	30 DU/Acre or Greater	DU	\$783.00

* The analysis performed to establish the Special Tax per DU shown above only considered the impacts from property within the current City boundary.

b. Escalation

Each July 1st, commencing July 1, 2021, the Maximum Special Taxes shall increase annually by the greater of the annual percentage change in the Index or two percent (2%) from the amount established in the prior Fiscal Year.

2. Undeveloped Property

No Special Tax shall be levied on Undeveloped Property.

D. EXEMPT PROPERTY

The CFD Administrator shall classify as Exempt Property within the boundaries of CFD No. 2020-1: (1) Any Assessor's Parcel that is owned or irrevocably dedicated to the State of California, Federal or other local governments, including school districts, (2) Assessor's Parcels which are owned by or irrevocably dedicated to a homeowners association, or (3) Assessor's Parcels with other types of public uses determined by the CFD Administrator.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2020-2021 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year and shall levy the Special Tax Proportionately on each Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax to satisfy the Special Tax Requirement.

F. PREPAYMENT OF SPECIAL TAX

No prepayments of the Special Tax are permitted.

G. 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. The written notice of appeal must be filed within the same Fiscal Year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date.

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 CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) and a refund, as described, shall be made representing the amount of the adjustment for only the most recent Fiscal Year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent Fiscal Years shall be made in the same amount. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner.

EXHIBIT 2

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying ambiguity and make determinations relative to the amount of Administrative Expenses.

H. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2020-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year, the Special Tax shall be levied in perpetuity as long as the Services are being provided.

J. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2020-1 from time to time. For Land Use Categories not included in the initial boundaries of CFD No. 2020-1, a study and report describing the Services to be provided to such properties and the estimated cost of such Services shall be provided to the City Council as the legislative body of the CFD No. 2020-1 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Category as provided herein or as defined and detailed when annexed and included in Appendix A.

APPENDIX A

**COMMUNITY FACILITIES DISTRICT NO. 2020-1
(Services)
CITY OF ESCONDIDO**

MAXIMUM SPECIAL TAXES ASSIGNED TO EACH ZONE

**ZONE 2020-1 (The Villages)
Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit
Fiscal Year 2020-2021**

Zone	Land Use Category	Density	Unit	Special Tax Per Unit
2020-1	2	5.5 to less than 18 DU/Acre	DU	\$743.00

Increases in the Maximum Special Tax:

On each July 1, commencing July 1, 2021, the Maximum Special Tax shall be increased by the greater of the annual percentage change in the Index or 2%.