CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT 08M
(VILLAGE 6, MCMILLIN OTAY RANCH AND OTAY RANCH COMPANY)
COMMUNITY FACILITIES DISTRICT REPORT

CITY OF
CHULA VISTA

Submitted: October 9, 2002

MuniFinancial

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STEVE PADILLA, COUNCILMEMBER
JERRY RINDONE, COUNCILMEMBER
MARY SALAS, COUNCILMEMBER

CITY MANAGER
DAVE ROWLANDS

COMMUNITY FACILITIES DISTRICT REPORT
CITY OF CHULA VISTA

COMMUNITY FACILITIES DISTRICT NO. 08M

TABLE OF CONTENTS PAGE

INTRODUCTION 1

A. DESCRIPTION OF SERVICES 2

B. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT 6

C. COST ESTIMATES FOR SERVICES 6

D. RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES 6

E. GENERAL TERMS AND CONDITIONS 7

F. CONCLUSION 7

EXHIBIT A A-1

BOUNDARIES OF DISTRICT AND BOUNDARY MAP A-1

EXHIBIT B B-1

COST ESTIMATES B-1
EXHIBIT B-1 ..... B-7
LANDSCAPE RESPONSIBILITY MAP, IMPROVEMENT AREA NO. 1 (MCMILLIN OTAY RANCH) B-7
EXHIBIT B-2 ..... B-8
LANDSCAPE RESPONSIBILITY MAP, IMPROVEMENT AREA NO. 2(OTAY RANCH COMPANY) B-8

EXHIBIT C C-1

RATE AND METHOD OF APPORTIONMENT C-1
IMPROVEMENT AREA NO. 1 ..... C-1
RATE AND METHOD OF APPORTIONMENT C-9
IMPROVEMENT AREA NO. 2 ..... C-9

COMMUNITY FACILITIES DISTRICT REPORT
CITY OF CHULA VISTA

COMMUNITY FACILITIES DISTRICT NO. 08M
(Village 6, McMillin Otay Ranch and Otay Ranch Company)

INTRODUCTION

WHEREAS, the City Council of the City of Chula Vista (hereinafter referred to as the "Agency" or "legislative body of the local Agency"), in the State of California, did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5 of Part 1, of Division 2, of Title 5 of the Government Code of the State of California ("Act"), and specifically Section 53321.5 thereof and the City of Chula Vista Community Facilities District Ordinance enacted pursuant to the powers reserved by the City of Chula Vista under Sections 3, 5 and 7 of Article XI of the Constitution of the State of California ("Ordinance") (the Act and Ordinance may be referred to collectively as the "Community Facilities District Law", expressly ordered by adoption of Resolution No. 2002-320 the filing of a written Community Facilities District Report ("Report") with the Agency for a proposed Community Facilities District with two designated improvement areas, which Community Facilities District shall be referred to as Community Facilities District No. 08M (Village 6, McMillin Otay Ranch and Otay Ranch Company), (hereinafter referred to as "CFD No. 08M"); and

WHEREAS, the Report generally contains the following:

a. a description of the Services by type which are required to adequately meet the needs of CFD No. 08M;

b. an estimate of the cost of providing the Services, including incidental expenses and all other related costs including but not limited to the determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the Agency with respect to CFD No. 08M and any other expenses incidental to the maintenance and inspection of the authorized work to be paid through the proposed special taxes;

c. the rates and methods of apportionment of the special tax in sufficient detail to allow each property owner within the proposed CFD No. 08M to estimate the maximum annual amount of payment.

For particulars, reference is made to the Resolution of Intention (Resolution No.2002-319), the Resolution of Modifying the Resolution of Intention (Resolution No. 2002-397), and the Resolution

Ordering the Preparation of the Community Facilities District Report (Resolution No. 2002-320) previously approved.

NOW THEREFORE, MuniFinancial, the appointed responsible firm directed to prepare the Report, pursuant to the provisions of the Code, does hereby submit the following:

A. DESCRIPTION OF SERVICES

The public services described below are proposed to be maintained by Community Facilities District No. 08M. The landscaping improvements include, but are not limited to, all landscaping material and facilities within each Improvement Area. These improvements include turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, trails, and associated appurtenant facilities located within the streetscape (parkway, median and slope perimeter landscaping) surrounding the development and trails, perimeter walls, and perimeter fencing in the development. The storm water quality improvements include, but are not limited to, maintenance of all storm water quality improvements within each Improvement Area. These services include the maintenance, repair, and replacement of storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, Vactor truck and similar facilities. Both the landscape maintenance and storm drain maintenance allow for the collection of reserve fund and administration costs.

Improvement Area No. 1 (McMillin Otay Ranch)

Landscaping Maintenance

Olympic Parkway (Between La Media Road and Neighborhood R-7a)

- Medians – Prorata share not to exceed 50%
- South side of parkway
- Trails
- Slopes

La Media Road (Between Santa Venetia Street to Olympic Parkway)

- Medians – Prorata share not to exceed 50%
- East side of parkway
- Trails
- Slopes

Birch Road (Between La Media and SR 125)

- Medians – Prorata share not to exceed 50%
- North side of parkway
- Trails
- Slopes

Magdalena Avenue

- Medians – (All between Birch Road to Neighborhood R-4)

- South side of parkway between Birch Road and Neighborhood R-6
- North side of parkway along frontage of Neighborhood R-4 to approximately 300' east of Santa Venetia Street, including Village Pathway and lighting.

Santa Venetia Street

- Medians – Prorata share of 500' median east of La Media Road
- North side of parkway between La Media Road and Magdalena Avenue, including Village pathway and lighting.
- South side of parkway along frontage of Neighborhood R-4 to Magdalena

Viewpark Way

- Parkways to East boundary of R-3
- Slopes

Open Space Slope in transit lot north of R-10
Open Space Lot O in Neighborhood R3

Interior Parkways

- Includes the landscaping between the curb and sidewalk on all interior residential parkways within Improvement Area No. 1

Pedestrian Bridges

- Prorata share of bridge between Village Six and Village Five
- Prorata share of bridge between Village Six and Village Two

Storm Water Quality Maintenance

- Poggi Canyon Detention Basin (Prorata share)
- Poggi Canyon Channel (Prorata share)

Perimeter Walls & Fencing

- Perimeter walls within perimeter slopes adjacent to Olympic Parkway
- Perimeter walls within perimeter slopes adjacent to La Media
- Perimeter walls within perimeter slopes adjacent to Magdalena Road
- Perimeter walls within perimeter slopes adjacent to Santa Venetia Street
- Perimeter walls within perimeter slopes adjacent to Magdalena Avenue
- Perimeter walls within perimeter slopes adjacent to Viewpark Way

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Area including but not limited to storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and similar facilities.

Improvement Area No. 2 (Otay Ranch Company)

Landscaping Maintenance

Olympic Parkway (Between Neighborhood R-7b and SR 125)

- Medians – Prorata share not to exceed 50%
- South side of parkway
- Trails
- Slopes

La Media Road (Between Santa Venetia Street and Birch Road)

- Medians – Prorata share not to exceed 50%
- East side of parkway
- Trails
- Slopes

Birch Road (Between La Media and Magdalena Avenue)

- Medians – Prorata share not to exceed 50%
- North side of parkway
- Trails
- Slopes

East Palomar Street

- Medians – (All between Olympic Parkway and Magdalena Avenue)
- North and south side of parkway between Olympic Parkway and Magdalena Avenue
- Slopes

Magdalena Avenue

- North side of parkway between Birch Road and Neighborhood R-4 and from East Palomar Street to approximately 300' east of Santa Venetia Street

Santa Venetia Street

- Medians – Prorata share from La Media Road to Neighborhood R-4
- South side of parkway from La Media Road to Neighborhood R-4

Pedestrian Bridges

- Prorata share of bridge between Village Six and Village Five
- Prorata share of bridge between Village Six and Village Two

Storm Water Quality Maintenance

- Poggi Canyon Detention Basin (Prorata share)
- Poggi Canyon Channel (Prorata share)

Perimeter Walls

- Perimeter walls within perimeter slopes adjacent to Olympic Parkway
- Perimeter walls within perimeter slopes adjacent to La Media
- Perimeter walls within perimeter slopes adjacent to Birch Road
- Perimeter walls within perimeter slopes adjacent to East Palomar Street
- Perimeter walls within perimeter slopes adjacent to Santa Venetia Street
- Perimeter walls within perimeter slopes adjacent to Birch Road

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Area including storm drains, catch basin inserts, hydrodynamic devices, filtration basins, and similar facilities.

SUBSTITUTION OF FACILITES

The description of the Facilities and Services, as set forth above, is general in its nature. The final nature and location of the Facilities and Services will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed Facilities and Services in order to provide the public facilities necessitated by development occurring in the District, and any such substitution shall not be a change or modification in the proceedings as long as such substitute facilities and services serve a function or provide a service substantially similar to that function served or the service provided by the Facilities and Service described above.

B. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of CFD No. 08M coincide with previously established parcels as shown on the latest County Assessor maps or approved parcel maps and include all properties on which special taxes may be levied to pay for the costs of services.

The boundaries of CFD No. 08M are described on "Exhibit A", reduced scale maps entitled "Proposed Boundary Map of Community Facilities District No. 08M" which are attached hereto and incorporated herein. A full-scale map is on file with the Clerk of the City of Chula Vista and was recorded with the County Recorder, County of San Diego in Book 36 page 39 in the Book of Maps of Assessment and Community Facilities Districts, Instrument Number 2002-0751574.

C. COST ESTIMATES FOR SERVICES

The establishment of CFD No. 08M was required to fund the perpetual operation and maintenance of slopes, medians, parkways, trails, perimeter walls, perimeter fencing and storm water treatment facilities associated with Village 6, McMillin Otay Ranch and Otay Ranch Company. The initial budgets are estimated to be approximately $530,581 for Improvement Area No. 1 and $316,696 for Improvement Area No. 2.

For the estimated location of the improvements and a more detailed cost estimate, please refer to "Exhibit B".

D. RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES

The Resolution of Intention (Resolution No. 2002-319) generally sets forth the rates and methods of apportionment of the special tax, which allows each property owner within the proposed CFD to estimate the annual amount that would be required for payment if a special tax were levied. The Rate and Method for Improvement Area No. 1 has been modified by the Resolution Proposing to Modify the Resolution of Intention (Resolution No. 2002-397).

The modification to the Rate and Method of Apportionment for Improvement Area No. 1 includes the ability to levy for additional landscaping including interior parkways, slopes along Viewpark Way and the slope associated with the Open Space Lot north of R-10. The maintenance of this additional landscaping has increased the Maximum Special Tax Rates and property owners may expect to see their annual Special Tax increase by approximately 24% from $0.208 per square foot to $0.258 per square foot.

For particulars of the rates and methods of apportionment, see "Exhibit C", Rates and Methods of Apportionment of Special Tax.

E. GENERAL TERMS AND CONDITIONS

Services

The description of the Services, as set forth herein, is general in nature. The final nature and location of the facilities that will be maintained will be determined upon the preparation of final plans and specifications or the approval of services.

F. CONCLUSION

Based on information provided by, and discussions with, the Agency and the property owners, the Services and Facilities listed in this Report are those that are necessary to meet increased demands placed on the Agency as a result of development occurring within the boundaries of the City of Chula Vista. Further, it is my opinion that the special tax rates and methods of apportionment as set forth in "Exhibit C" are equitable and are not discriminatory or arbitrary and permit a purchaser of property subject to the special tax a fair means of determining his or her obligation.

MuniFinancial

By: _____

Lyn Gruber

EXHIBIT A

BOUNDARIES OF DISTRICT AND BOUNDARY MAP

Boundaries of District:

The exterior boundaries of CFD No. 08M are shown on that certain map now on file in the Office of the City Clerk entitled "Proposed Boundary Map Community Facilities District No. 08M". This map indicates by a boundary line the extent of the territory included in proposed CFD No. 08M, each improvement area and shall govern for all details as to the extent of CFD No. 08M and each Improvement Area. The parcels of real property within CFD No. 08M are described more particularly on the Assessor Parcel Maps and recorded Parcel Maps that are on file in the office of the San Diego County Assessor and are incorporated into this Report by reference.

Boundary Map:

A reduced copy of the Boundary Map follows. The original of such map is on file in the Office of the City Clerk and in the records of the County Recorder, County of San Diego, and State of California. The triangular portion of IA No. 2 extending east of Future SR 125 will be removed from CFD 08M upon recordation of a map that separates it from the remaining parcel that is within CFD 08M.

Site Location:

Improvement Area No. 1

Improvement Area No. 1 (McMillin Otay Ranch) is proposed to include 482 Single Family Residences, 212 Multi-Family units, and 44.2 taxable acres of church and CPF Property. Improvement Area No. 1 is located north of Birch Road, south of Olympic Parkway, west of SR 125 (a future road), and east of La Media Road.

Improvement Area No. 2

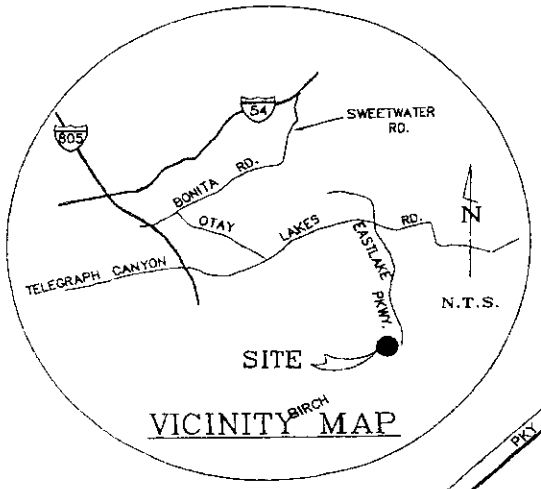
Improvement Area No. 2 (Otay Ranch Company) is proposed to include 443 Single Family Residences, 910 Multi-Family units and 2.6 acres of commercial development. Improvement Area No. 2 is generally located in two areas. The first area is located east of La Media Road, north of Birch Road, west of Magdalena Avenue, west of properties located on Trail Wood Drive, and south of Santa Venetia Street. The second area is located south of Olympic Parkway, east of the properties located on Oak Point Drive, north of Santa Venetia Street, north of Magdalena Avenue, and north of East Palomar Street.

CITY OF CHULA VISTA

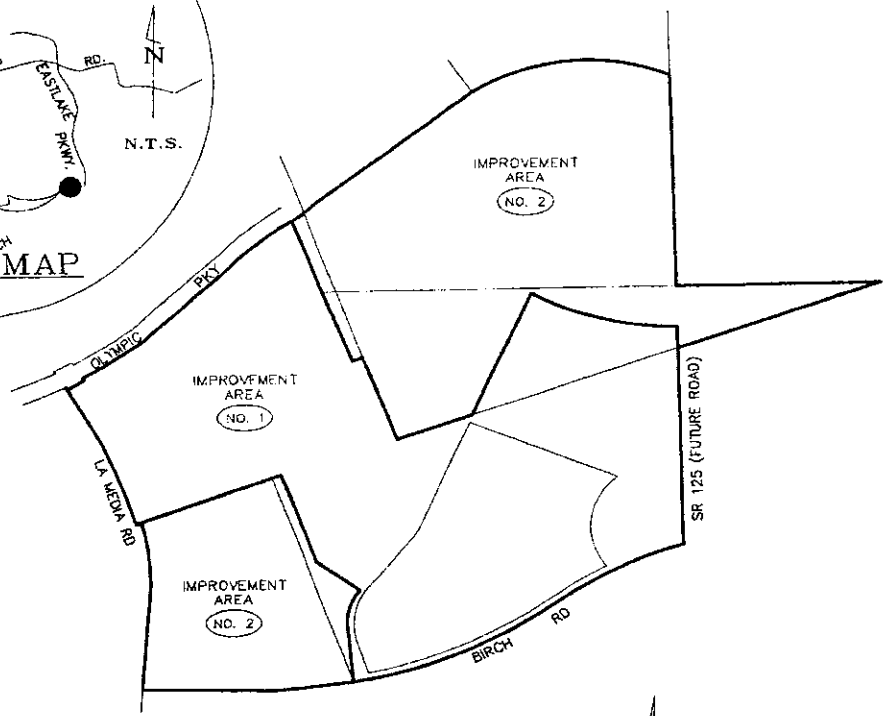
SHEET 1 OF 1

BOUNDARY MAP OF PROPOSED COMMUNITY FACILITIES DISTRICT NO. 08M

CITY OF CHULA VISTA
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



VICINITY MAP



FILED IN THE OFFICE OF THE CITY CLERK THIS 14th DAY OF September 2002

CITY CLERK
CITY OF CHULA VISTA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF CHULA VISTA COMMUNITY FACILITIES DISTRICT NO. 08M, CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CHULA VISTA AT A REGULAR MEETING THEREOF, HELD ON THE 27th DAY OF August 2002, BY ITS RESOLUTION NO. 2002-318

CITY CLERK
CITY OF CHULA VISTA

FILED THIS 04 DAY OF September 2002 AT THE HOUR OF 11:16 O'CLOCK A.M. IN THE BOOK 36 PAGE 39 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AND AS INSTRUMENT NO. 2002-0751574 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN DIEGO COUNTY ASSESSORS MAPS FOR THOSE PARCELS LISTED.

THE SAN DIEGO COUNTY ASSESSORS MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

LEGEND

PROPOSED BOUNDARY

(NO. 1) IMPROVEMENT AREA NUMBER

REGISTERED PROFESSIONAL ENGINEER CHRISTOPHER ROBERT GRAY No. 60358 Exp. 6/30/2003 CIVIL STATE OF CALIFORNIA

MuniFinancial
28765 Single Oak Drive
Suite 200
Temecula, California 92590-3661
Phone (909) 699-3990 Fax (909) 699-3460

800' 300' 0' 600'
SCALE : 1" = 600'

N

Conformed Copy

7900011-0201-79 (02-030) JULY 2002

BK36 PG39

2002-0751574

CITY OF CHULA VISTA

EXHIBIT B

COST ESTIMATES

Improvement Area No. 1

I. LANDSCAPE MAINTENANCE BUDGET

	Area Landscaped		Cost Per	Duration		Total Annual Cost
Olympic Parkway						
Planted Area - Slopes	200,000	$	0.240	Yr	$	48,000
Planted Area - Parkways	48,200	$	0.470	Yr	$	22,654
Planted Area - Median	11,000	$	0.540	Yr	$	5,940
D.G. Trail	6,000	$	0.057	Yr		342
Total					$	76,936
La Media Road						
Planted Area - Median	7,700	$	0.540	Yr	$	4,158
Planted Area - Slopes	127,400	$	0.240	Yr		30,576
Planted Area - Parkways	40,000	$	0.420	Yr		16,800
D.G. Trail	4,500	$	0.057	Yr		257
Total					$	51,791
Santa Venetia Street						
Planted Area - Median	1,500	$	0.540	Yr	$	810
Planted Area - Slopes	15,600	$	0.240	Yr		3,744
Planted Area - Parkways	38,500	$	0.420	Yr		16,170
Planted Area - Turf	27,700	$	0.450	Yr		12,465
D.G. Trail	2,000	$	0.057	Yr		114
Total					$	33,303
Magdalena Avenue						
Planted Area - Median	1,200	$	0.540	Yr	$	648
Planted Area - Slopes	9,700	$	0.240	Yr		2,328
Planted Area - Parkways	54,800	$	0.420	Yr		23,016
Planted Area - Turf	53,200	$	0.450	Yr		23,940
Total					$	49,932

	Area Landscaped		Cost Per	Duration		Total Annual Cost
Birch Road						
Planted Area - Median	18,100	$	0.540	Yr	$	9,774
Planted Area - Parkways	75,000	$	0.420	Yr		31,500
Total					$	41,274
Enhanced Walkway (Adjacent to Lots 25 and 26)						
Planted Area - Slopes	1,400	$	0.240	Yr	$	336
Planted Areas - Parkway	5,400	$	0.420	Yr	$	2,268
D.G. Trail	2,000	$	0.057	Yr		114
Total					$	2,718
Viewpark Way						
Planted Area - Slopes	9,600	$	0.240	Yr	$	2,304
Interior Parkways (throughout development)						
Planted Areas - Parkway	204,200	$	0.420	Yr	$	85,764
Open Space Lot Slope	16,507	$	0.240	Yr	$	3,962
Walls, Monuments & Fencing						
Masonry Walls	5,325	$	0.833	Yr	$	4,436
View Walls	5,550	$	0.493	Yr	$	2,736
Split Rail Fences	1,000	$	1.500	Yr	$	1,500
Total					$	8,672
Street Trees	478	$	55.00	Yr	$	26,290
LaMedia Road Pedestrian Bridge	1	$	1,120.00	Yr	$	1,120
Viewpark Way - Planted Area	18,528	$	0.420	Yr	$	7,782
Village Pathway Lighting	51	$	82.500	Yr	$	4,208
Total Landscape Maintenance					$	396,054

CITY OF CHULA VISTA

II. STORM WATER MAINTENANCE BUDGET

Village 6 Stormwater Maintenance	Number of Units	Cost per Service	Services per Year	Total Annual Cost
Drainpacs - Maintenance	113	$ 100	4	45,200
Drainpacs - Replace Filter Bag	113	$ 200	0.5	11,300
Total				$ 56,500
Poggi Cyn				
Channel	1	$ 1,692	1	$ 1,692
Detention Basin	1	$ 2,294	1	2,294
Total				$ 3,986
Vactor Truck (1)	1	$ 64,489	0.13	$ 8,384
Total Storm Water Maintenance				$ 68,870
TOTAL LANDSCAPE AND STORM WATER MAINTENANCE				$ 464,924
III. ADMINISTRATIVE EXPENSES				$ 17,422
IV. Reserve				$ 48,235
V. Total Annual Cost				$ 530,581

(1) Vactor Truck – "Cost per Service" represents the Village 6 Improvement Area No. 1 proportionate shard of the replacement Storm Water Quality Vactor unit. "Service per Year" represents the annual factor, that when multiplied by the Cost per Service, results in an annual amount paid into a fund contributed to by certain maintenance CFD's in the City of Chula Vista that will be used to replace the existing Vactor unit using an eight year cycle.

CITY OF CHULA VISTA

Improvement Area No. 2

I. LANDSCAPE MAINTENANCE BUDGET

	Code	Area Landscaped		Cost Per	Duration		Total Annual Cost
Improvement Area No. 2 (Otay Ranch)							
Slopes							
Planted Area - Slopes	3	373,223	$	0.240	Yr	$	89,574
Olympic Parkway							
Planted Area - Medians	1	16,910	$	0.420	Yr		7,102
Planted Area - Parkways	1	60,620	$	0.420	Yr	$	25,460
Total						$	**122,136**
La Media Road							
Planted Area - Median	1	2,5200	$	0.420	Yr	$	10,584
Planted Area - Parkways	1	7,330	$	0.420	Yr	$	3,079
Total						$	**13,663**
E. Palomar Street							
Pedestrian Lights		13	$	82.500	Yr	$	1,073
Planted Area - Median	1	46,900	$	0.420	Yr	$	19,698
Turf - Median	2	7,730	$	0.540	Yr		4,174
Planted Area - Parkways	1	15,550	$	0.420	Yr	$	6,531
Turf - Parkways	2	21,090	$	0.540	Yr		11,389
Total						$	**42,864**
Birch Road							
Planted Area - Median	1	26,640	$	0.420	Yr	$	11,189
Planted Area - Parkways	1	7,130	$	0.420	Yr	$	2,995
Total						$	**14,183**
Santa Venetia Street							
Planted Area - Parkways	1	4,800	$	0.420	Yr	$	2,016
Planted Area - Turf	2	7,370	$	0.540	Yr	$	3,980
Total						$	**5,996**

CITY OF CHULA VISTA

Magdalena	Code	Area Landscaped		Cost Per	Duration		Total Annual Cost
Pedestrian Lights		15	$	82.500	Yr	$	1,238
Planted Area - Median	1	9,800	$	0.420	Yr	$	4,116
Turf - Median	2	13,250	$	0.540	Yr	$	7,155
Total						$	**12,509**
Viewpark Way							
Planted Area - Parkways	1		$	0.420	Yr	$	-
Planted Area - Turf	2	15,830	$	0.540	Yr	$	8,548
Total						$	**8,548**
Walls & Fencing							
Masonry Walls		6,150	$	0.833	Yr	$	5,125
Split Rail Fences		1,020	$	1.500	Yr	$	1,530
Total						$	**6,655**
Other							
Street Trees		455	$	55.000	Yr	$	25,025
Ped Bridge from Village 6 to 2		0.5	$	2,240.000	Yr	$	672
Ped Bridge from Village 6 to 5		0.5	$	2,240.000	Yr	$	672
Total						$	**26,369**
Total Landscape Maintenance						$	**252,923**

II. STORM WATER MAINTENANCE BUDGET

Village 6 Stormwater Maintenance	Number of Units		Cost per Service	Services per Year	Total Annual Cost
CDS Screen Replacement	2	$	67	1	134
Annual CDS Unit Inspection	2	$	370	1	740
Drainpacs - Maintenance	15	$	100	4	6,000
Drainpacs - Replace Filter Bag	15	$	200	0.5	1,500
CDS Offline Units	2	$	450	4	3,600
Vortechnics Unit	1	$	500	4	2,000
Total					$ **13,974**

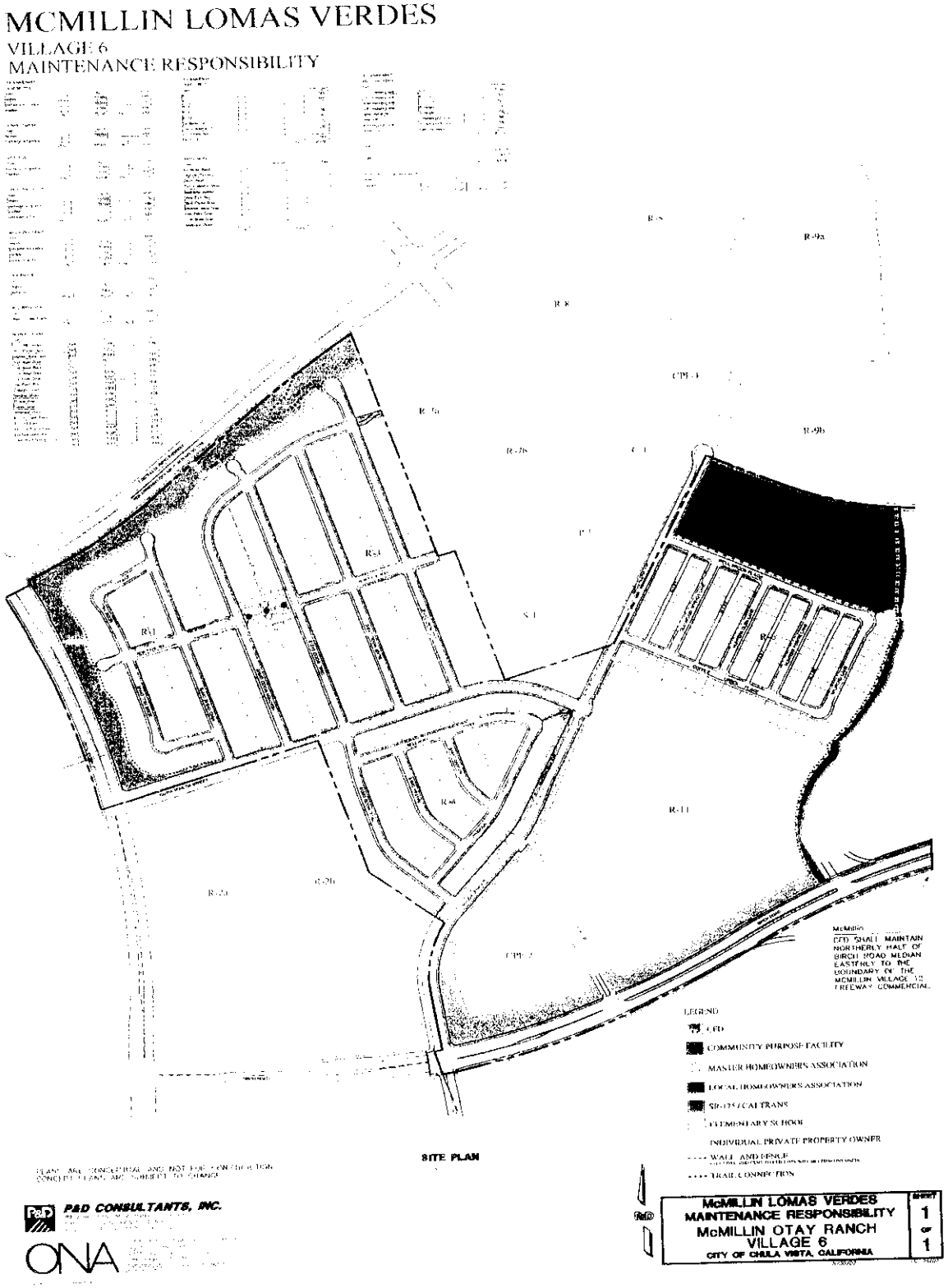
	Number of Units	Cost per Service	Services per Year	Total Annual Cost
Poggi Canyon				
Channel	1	$ 798	Yr	$ 798
Detention Basin	1	$ 1,082	Yr	$ 1,082
Total				**$ 1,880**
Vactor Truck (1)	13,126.13	$ 0.13		$ 1,706
				$ 1,706
Total Storm Water Maintenance				**$ 17,560**
TOTAL LANDSCAPE AND STORM WATER MAINTENANCE COST PER YEAR				**$ 270,484**
III. ADMINISTRATIVE EXPENSES				**$ 17,422**
IV. Reserve				**$ 28,791**
V. Total Annual Cost				**$ 316,696**

(1) Vactor Truck – "Cost per Service" represents the Village 6 Improvement Area No. 1 proportionate shard of the replacement Storm Water Quality Vactor unit. "Service per Year" represents the annual factor, that when multiplied by the Cost per Service, results in an annual amount paid into a fund contributed to by certain maintenance CFD's in the City of Chula Vista that will be used to replace the existing Vactor using an eight year cycle.

SUBSTITUTION OF SERVICES AND FACILITIES

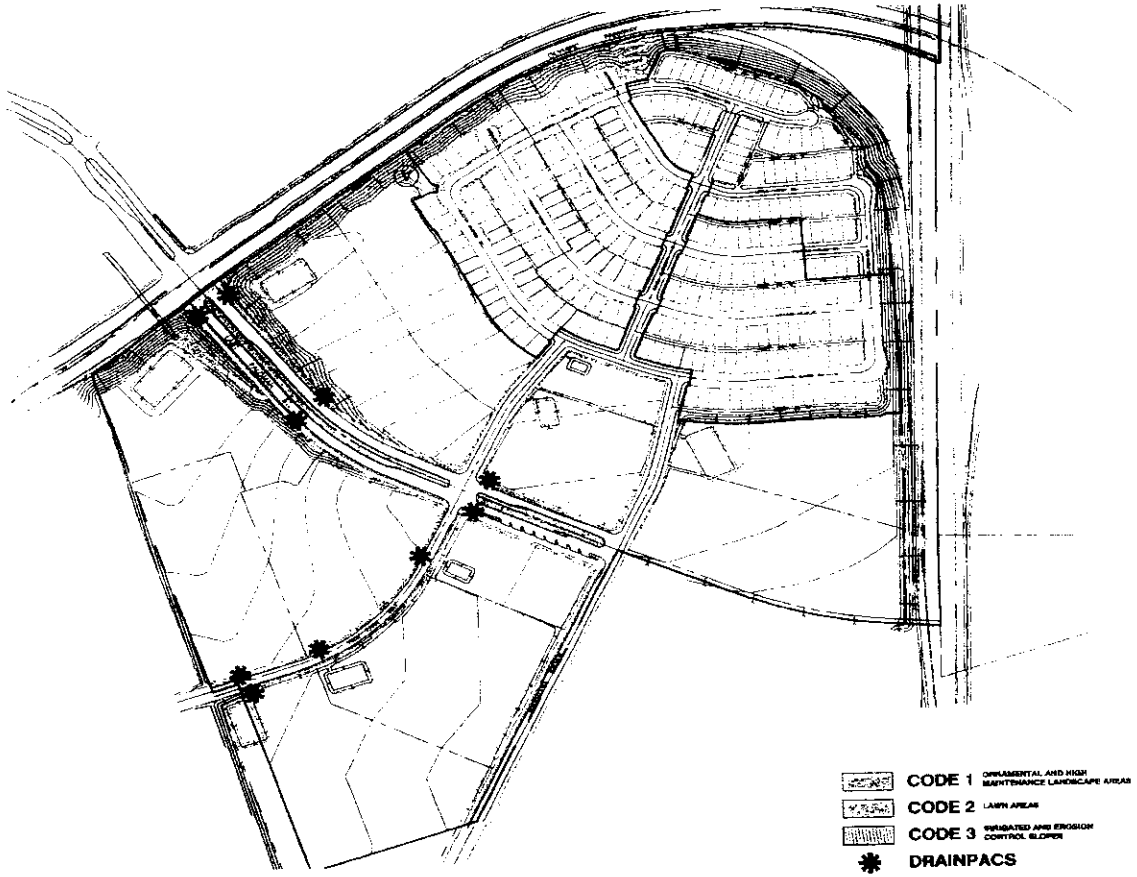
The description of the Services and Facilities, as set forth herein, is general in its nature. The final nature and location of the Services and Facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed Services and Facilities in order to provide the public Services and Facilities necessitated by development occurring in CFD No. 08M, and any such substitution shall not be a change or modification in the proceedings as long as such substitute Services and Facilities serve a function or provide a service substantially similar to that function served or the service provided by the Services and Facilities described in this Report.

Exhibit B-1
Landscape Responsibility Map, Improvement Area No. 1 (McMillin Otay Ranch)



CITY OF
CHULA VISTA

Exhibit B-2
Landscape Responsibility Map, Improvement Area No. 2 (Otay Ranch Company)



Otay Ranch, Village 6

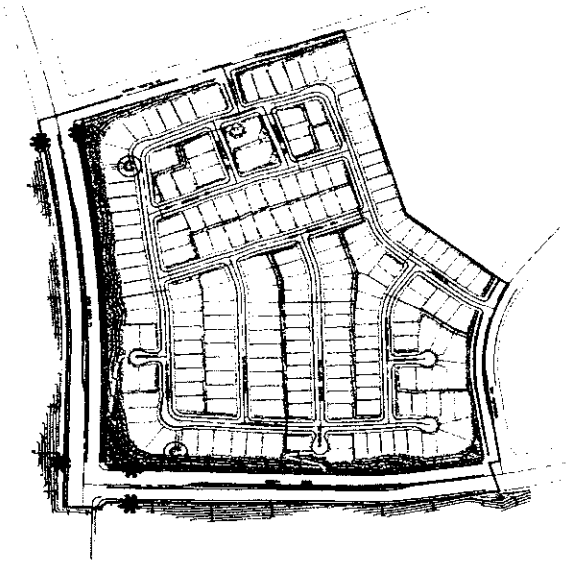
Landscape Maintenance Map

AOL PLANNING ASSOCIATES
LAND PLANNING
LANDSCAPE ARCHITECTURE
3579 STATE STREET, SUITE C
SANTA BARBARA, CA 93105
(805) 569-9627 FAX (805) 569-9334

DATE: 8/7/02
REVISED:
SCALE: 1" = 400'
JOB NO. 20144
DRAWN BY: T.P. / T.G.

CITY OF CHULA VISTA

Exhibit B-2
Landscape Responsibility Map, Improvement Area No. 2 (Otay Ranch Company)



CODE 1 ORNAMENTAL AND HIGH MAINTENANCE LANDSCAPE AREAS

CODE 2 LAWN AREAS

CODE 3 IRRIGATED AND EROSION CONTROL SLOPES

DRAINPACS

CDS OFFLINE UNITS

VORTECHNICS UNIT

Otay Ranch, Village 6

Landscape Maintenance Map

Landscape Zone Data
Improvement Area #2

Referenced Landscape Improvement Plans	Landscape Architect*	Landscape Code 1	Landscape Code 2	Trails***	Pedestrian Lights	Trees (Trimming)
Olympic Parkway, Parkways	ADL	80,020 sf	0	n/a	0	n/a
Olympic Parkway, Medians	ADL	16,918 sf	0	n/a	0	n/a
East Palomar Street, Parkways	ADL	19,560 sf	21,000 sf	n/a	13	166
East Palomar Street, Medians	ADL	46,900 sf	7,730 sf	n/a	0	74
View Park Way (East), Parkways	ADL	0	19830 sf	n/a	0	49
Magdalena Ave. (East), Parkways		0	8080 sf	n/a	8	17
Magdalena Ave. (West), Parkways		9800 sf	8220 sf	n/a	8	20
Santa Venetia Street, Parkways		4800 sc	7,370 sf	n/a	0	31
La Media Road, Parkways	ADL	25,200sf	0	n/a	0	30
La Media Road, Medians	ADL	7330 sf	0	n/a	0	6
Birch Road, Parkways	ADL	28,840 sf	0	n/a	0	29
Birch Road, Parkways	ADL	7,130 sf	0	n/a	0	8

C.B. Lot #	Referenced Landscape Improvement Plans	Landscape Architect*	Landscape Code 2	Landscape Code 3	Trails ****
1	Otay Ranch Village 6 - (Slopes)	MK	139,257 sf	n/a	5,660 sf
2	Otay Ranch Village 6 - (Slopes)	MK	3,512 sf	n/a	0
3	Otay Ranch Village 6 - (Slopes)	MK	1,589 sf	n/a	0
4	Otay Ranch Village 6 - (Slopes)	MK	70,782 sf	n/a	3,080 sf
5	Otay Ranch Village 6 - (Slopes)	MK	66,660 sf	n/a	0
6	Otay Ranch Village 6 - (Slopes)	MK	70,082 sf	n/a	3,930 sf

Perimeter Walls & Fences**

C.B. Lot #	Referenced Landscape Improvement Plans	Landscape Architect*	Type 1	Type 2	Type 3	Type 4
1	Otay Ranch Village 6 - (Slopes)	MK	2,110 lf	1,130 lf	280 lf	440 lf
2	Otay Ranch Village 6 - (Slopes)	MK	488 lf	0	0	0
3	Otay Ranch Village 6 - (Slopes)	MK	70 lf	0	0	0
4	Otay Ranch Village 6 - (Slopes)	MK	0	480 lf	0	300 lf
5	Otay Ranch Village 6 - (Slopes)	MK	0	660 lf	160 lf	0
6	Otay Ranch Village 6 - (Slopes)	MK	280 lf	680 lf	210 lf	280 lf

Note * (Landscape Architects)
ADL ADL Planning Associates (760) 729-8937
MK Marquez Knutson (858) 886-6480

Note ** (Perimeter Walls & Fences)
Walls and Fences located at the top of slope and within CFD maintained open space lots as follows:
Type 1 6' High Masonry Wall
Type 2 4' High Wrought Iron or Tempered Glass over 2' High Masonry Wall
Type 3 6' High wrought Iron Fence
Type 4 Post & Rail Fence

Note ***
Regional trail adjacent to Paseo Ranchero

Note ****
Regional trail along drainage channels and secondary connecting trails from top of slope

ADL PLANNING ASSOCIATES
LAND PLANNING LANDSCAPE ARCHITECTURE
2534 STATE STREET SUITE C
CARLSBAD, CA 92008
(760) 729-8937 FAX (760) 729-8939

DATE: 8/7/02
REVISED:
SCALE: 1" = 400'
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DRAWN BY: T.P. / T.G.

CITY OF
CHULA VISTA

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT

IMPROVEMENT AREA NO. 1
(McMillin Otay Ranch)

A Special Tax of Community Facilities District No. 08M (Village 6, McMillin Otay Ranch and Otay Ranch Company) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 1 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2002-03 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed 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 land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to administer IA No. 1 of the CFD as determined by the City.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"**CFD**" means Community Facilities District No. 08M of the City of Chula Vista.

"**City**" means the City of Chula Vista.

"**City Clerk**" means the City Clerk for the City of Chula Vista or his or her designee.

"**City Manager**" means the City Manager for the City of Chula Vista or his or her designee.

"**Community Purpose Facility Property**" or "**CPF Property**" means all Assessor's Parcels which are classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2452.

"**Council**" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"**County**" means the County of San Diego, California.

"**Developed Property**" means all Taxable Property for which a building permit was issued after January 1, 2002, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"**Final Map Property**" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"**Final Subdivision Map**" means a subdivision of property creating single family residential buildable lots by recordation of a final subdivision 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, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

"**Fiscal Year**" means the period starting July 1 and ending on the following June 30.

"**Improvement Area No. 1**" or "**IA No. 1**" means Improvement Area No. 1 of the CFD, as identified on the boundary map for the CFD.

"**Land Use Class**" means any of the classes listed in Table 1 or Table 2.

"**Landscape Maintenance**" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped improvements within the public right-of-ways, parkways, slopes, wetlands and other public easements throughout the CFD.

"**Landscape Maintenance Requirement**" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 1 for such Fiscal Year.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use. Including lot S-2 and CPF-2.

"Operating Fund" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"Operating Fund Requirement" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"Other Taxable Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, or Taxable Property Owners Association Property.

"Property Owner Association Property" means any property within the boundaries IA No. 1 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the boundaries of IA No. 1 of the CFD that is, at the time of the CFD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

"Reserve Fund" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one residential dwelling unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 1 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property or Multi-Family Property, excluding garages or other structures not used as living space.

"State" means the State of California.

"Storm Water Quality Maintenance" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 1.

"Storm Water Quality Maintenance Requirement" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 1 for the current Fiscal Year in which Special Taxes are levied.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 1 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property, or (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Taxable Property Owner Association Property" means all Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 1 of the CFD shall be classified as Developed Property, Final Map Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 08M
Improvement Area No. 1

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
1	Residential Property	$0.220 per Sq Ft	$0.038 per Sq Ft	$0.258 per Sq Ft
2	Multi-Family Property	$0.220 per Sq Ft	$0.038 per Sq Ft	$0.258 per Sq Ft
3	Non-Residential Property	$3,777.89 per Acre	$653.99 per Acre	$4,431.88 per Acre

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that may be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be levied on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's shall determine the allocation to each Land Use Class.

2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 08M
Improvement Area No. 1

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
4	Final Map Property	$3,777.89 per Acre	$653.99 per Acre	$4,431.88 per Acre
5	Other Taxable Property	$3,777.89 per Acre	$653.99 per Acre	$4,431.88 per Acre
6	Taxable Property Owner Association Property	$3,777.89 per Acre	$653.99 per Acre	$4,431.88 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 1 shall be increased each Fiscal Year beginning in Fiscal Year 2003-04 and thereafter by a factor equal to the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items).

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03, and for each following Fiscal Year, the Council shall levy the IA No. 1 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property or Multi-Family Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, and (ii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all taxable Property to less than 128.11 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign Tax-Exempt status in the chronological order in which property becomes exempt.

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. 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 or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 1 of the CFD or as otherwise determined appropriate by the CFD Administrator.

H. TERM OF SPECIAL TAX

Taxable Property in IA No. 1 of the CFD shall remain subject to the Special Tax in perpetuity.

CITY OF CHULA VISTA

RATE AND METHOD OF APPORTIONMENT
IMPROVEMENT AREA NO. 2
(Otay Ranch Company)

A Special Tax of Community Facilities District No. 08M (Village 6, McMillin Otay Ranch and Otay Ranch Company) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 2 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2002-03 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed 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 land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to administer IA No. 2 of the CFD as determined by the City.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned assessor's parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by assessor's parcel number.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD" means Community Facilities District No. 08M of the City of Chula Vista.

"**City**" means the City of Chula Vista.

"**City Clerk**" means the City Clerk for the City of Chula Vista or his or her designee.

"**City Manager**" means the City Manager for the City of Chula Vista or his or her designee.

"**Community Purpose Facility Property**" **or** "**CPF Property**" means all Assessor's Parcels which are classified as community purpose facilities and meet the requirements of City of Chula Vista Ordinance No. 2452.

"**Council**" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"**County**" means the County of San Diego, California.

"**Developed Property**" means all Taxable Property for which a building permit was issued after January 1, 2002, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"**Final Map Property**" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"**Final Subdivision Map**" means a subdivision of property creating single family residential buildable lots by recordation of a final subdivision 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, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

"**Fiscal Year**" means the period starting July 1 and ending on the following June 30.

"**Improvement Area No. 2**" **or** "**IA No. 2**" means Improvement Area No. 2 of the CFD, as identified on the boundary map for the CFD.

"**Land Use Class**" means any of the classes listed in Table 1 or Table 2.

"**Landscape Maintenance**" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped improvements within the public right-of-ways, parkways, slopes, wetlands and other public easements throughout the CFD.

"**Landscape Maintenance Requirement**" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 2 for such Fiscal Year.

"**Maximum Special Tax**" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi-Family Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for a residential structure consisting of two or more residential units that share common walls, including, but not limited to, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"Operating Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"Operating Fund Requirement" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"Other Taxable Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, or Taxable Property Owners Association Property.

"Property Owner Association Property" means any property within the boundaries IA No. 2 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the boundaries of IA No. 2 of the CFD that is, at the time of the CFD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

"Reserve Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one residential dwelling unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 2 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 2 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property or Multi-Family Property, excluding garages or other structures not used as living space.

"State" means the State of California.

"Storm Water Quality Maintenance" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 2.

"Storm Water Quality Maintenance Requirement" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 2 for the current Fiscal Year in which Special Taxes are levied.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 2 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property, or (iii) Assessor's Parcels defined as Community Purpose Facility Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Taxable Property Owner Association Property" means all Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 2 of the CFD shall be classified as Developed Property, Final Map Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section E below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is Undeveloped it shall be classified as Other Taxable Property.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 08M
Improvement Area No. 2

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
1	Residential Property	$0.168 per Sq Ft	$0.012 per Sq Ft	$0.180 per Sq Ft
2	Multi-Family Property	$0.168 per Sq Ft	$0.012 per Sq Ft	$0.180 per Sq Ft
3	Non-Residential Property	$3,475.96 per Acre	$251.35 per Acre	$3,727.31 per Acre

Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be levied on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's shall determine the allocation to each Land Use Class.

2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 08M
Improvement Area No. 2

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
4	Final Map Property	$3,475.96 per Acre	$251.35 per Acre	$3,727.31 per Acre
5	Other Taxable Property	$3,475.96 per Acre	$251.35 per Acre	$3,727.31 per Acre
6	Taxable Property Owner Association Property	$3,475.96 per Acre	$251.35 per Acre	$3,727.31 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 2 shall be increased each Fiscal Year beginning in Fiscal Year 2003-04 and thereafter by a factor equal to the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items).

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03, and for each following Fiscal Year, the Council shall levy the IA No. 2 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property or Multi-Family Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Community Purpose Facility Property that are owned by a non-profit organization which has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all taxable Property to less than 124.90 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign Tax-Exempt status in the chronological order in which property becomes exempt.

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. 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 or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein

specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons. IA No. 2

G. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 2 of the CFD or as otherwise determined appropriate by the CFD Administrator.

H. TERM OF SPECIAL TAX

Taxable Property in IA No. 2 of the CFD shall remain subject to the Special Tax in perpetuity.