

RESOLUTION NO. 2023-\_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
ROOT CREEK WATER DISTRICT ESTABLISHING  
COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE  
ROOT CREEK WATER DISTRICT, IMPROVEMENT AREA  
NO. 1 THEREIN, AND FUTURE ANNEXATION AREA,  
AUTHORIZING THE LEVY OF SPECIAL TAXES AND  
CALLING AN ELECTION THEREIN**

**WHEREAS**, the Board of Directors (the “Board of Directors” or “Board”) of the Root Creek Water District (the “Water District”) has heretofore adopted Resolution No. 2023-7-10a (the “Resolution of Intention”) stating its intention to establish (i) Community Facilities District No. 2023-1 of the Root Creek Water District (the “District” or “CFD No. 2023-1”), (ii) Improvement Area No. 1 within the District (“Improvement Area No. 1”), and (iii) a future annexation area therein (the “Future Annexation Area”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”); and

**WHEREAS**, a copy of the Resolution of Intention setting forth a description of the proposed boundaries of the District, Improvement Area No. 1 and the Future Annexation Area therein is on file with the Secretary of the Board of Directors (the “Secretary”) and is incorporated herein by reference; and

**WHEREAS**, the improvements to be financed by the District, Improvement Area No. 1 and future improvement areas within the Future Annexation Area (the “Future Improvement Areas”) (the “Improvements”), and the incidental expenses to be financed by the District, Improvement Area No. 1 or the Future Improvement Areas (the “Incidental Expenses”) are described in Attachment “C” hereto (which attachment has been modified since the Resolution of Intention and shall serve as the final list of Improvements, and which is incorporated herein by this reference); and

**WHEREAS**, a combined notice of a public hearing to be held on August 14, 2023 was published pursuant to the Act; and

**WHEREAS**, on August 14, 2023, the Board of Directors opened the public hearing (the “Hearing”) as required by law; and

**WHEREAS**, at the Hearing there was filed with this Board of Directors a report containing a description of the improvements necessary to meet the needs of the District, Improvement Area No. 1 and the Future Annexation Area therein and an estimate of the cost of such improvements as required by Section 53321.5 of the Act (the “Community Facilities District Report”); and

**WHEREAS**, at the Hearing all persons desiring to be heard on all matters pertaining to the proposed formation of the District, Improvement Area No. 1, and the Future Annexation Area therein and the levy of the special taxes and the issuance of bonded indebtedness within Improvement Area No. 1 were heard and a full and fair hearing was held; and

**WHEREAS**, at the Hearing, evidence was presented to the Board of Directors on the matters before it, and the proposed formation of the District and Improvement Area No. 1 therein and the levy of special taxes therein was not precluded by a majority protest of the type described in Section 53324 of the Act, and this Board of Directors at the conclusion of the hearing is fully advised as to all matters relating to the formation of the District and Improvement Area No. 1, the levy of the special taxes and the issuance of bonded indebtedness within Improvement Area No. 1; and

**WHEREAS**, at the Hearing, evidence was presented to the Board of Directors on the matters before it, and the proposed designation of the Future Annexation Area was not precluded by a majority protest of the type described in Section 53339.6 of the Act, and this Board of Directors at the conclusion of the hearing is fully advised as to all matters relating to the designation of the Future Annexation Area; and

**WHEREAS**, the Board of Directors has determined that there have been fewer than twelve registered voters residing in the proposed boundaries of Improvement Area No. 1 for the period of 90 days prior to the Hearing and that the qualified electors are the landowners within Improvement Area No. 1 therein; and

**WHEREAS**, on the basis of all of the foregoing, the Board of Directors has determined at this time to proceed with the establishment of the District and Improvement Area No. 1 and the Future Annexation Area therein and with the calling of an election within the boundaries of Improvement Area No. 1 therein to authorize (i) the levy of special taxes within Improvement Area No. 1 pursuant to the rate and method of apportionment of the special tax applicable to Improvement Area No. 1 attached as Attachment “B” hereto (the “Rate and Method”), (ii) the issuance of bonds for Improvement Area No. 1 to finance the Improvements and Incidental Expenses, and (iii) the establishment of an appropriations limit for the District; and

**WHEREAS**, in connection with the formation of Community Facilities District No. 2023-1, Riverstone Development, LLC, a California corporation (“Riverstone”), Groveland Development Corporation, a California corporation (“Groveland,” and, together with Riverstone, the “Developers”), and the Water District desire to enter into a Master Acquisition Agreement (the “Acquisition Agreement”) to provide for the financing of certain facilities and services necessary for the development of the property within Community Facilities District No. 2023-1, the form of which is on file with the Board Secretary of the Water District;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ROOT CREEK WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

1. Each of the above recitals is true and correct.
2. A community facilities district to be designated “Community Facilities District No. 2023-1 of the Root Creek Water District” is hereby established pursuant to the Act. The improvement area designated “Improvement Area No. 1 of Community Facilities District No. 2023-1 of the Root Creek Water District” is hereby established pursuant to the Act. The future annexation area designated “Community Facilities District No. 2023-1 of the Root Creek Water District (Future Annexation Area)” is hereby established pursuant to the Act.
3. The Board of Directors hereby finds and determines that all prior proceedings taken with respect to the establishment of the District, Improvement Area No. 1 and the Future

Annexation Area therein were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

4. The boundaries of the District, Improvement Area No. 1, and the Future Annexation Area are established as shown on the map designated "Proposed Boundary Map of Community Facilities District No. 2023-1 of the Root Creek Water District," which map is on file in the office of the Secretary and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County of Madera Book of Maps of Assessment and Community Facilities Districts in the County Recorder's Office in Book No. 5, Page No. 73 on July 20, 2023.

Parcels within the Future Annexation Area shall be annexed to the District only with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels to be annexed at the time that such parcel or those parcels are annexed, without any requirement for further public hearings or additional proceedings. The Board of Directors hereby determines that any property for which the owner or owners execute a Unanimous Approval shall be added to the District and the Secretary of the Water District shall (i) if property is annexed to an existing improvement area, record an amendment to the notice of special tax lien for the District pursuant to Section 3117.5 of the Streets & Highways Code or (ii) if property is annexed to a newly-created improvement area, record a notice of special tax lien for the District pursuant to Section 3114.5 of the Streets & Highways Code.

5. The types of Improvements and Incidental Expenses authorized to be provided for the District, Improvement Area No. 1, and, when it has been annexed to the District, the Future Annexation Area, are those set forth in the Resolution of Intention. The estimated cost of the Improvements and Incidental Expenses to be financed is set forth in the Community Facilities District Report, which estimates may change as the Improvements are designed and bid for construction and acquisition.

The Water District is authorized by the Act to contribute revenue to, or to construct or acquire the Improvements, all in accordance with the Act. The Board of Directors finds that the proposed Improvements are necessary to meet the increased demand that will be placed upon public infrastructure as a result of new development within the District.

6. The Board of Directors hereby adopts the Rate and Method attached hereto as Attachment "B" for Improvement Area No. 1 as the Rate and Method for the Improvement Area No. 1. Except where funds are otherwise available, it is the intention of the Board of Directors, subject to the approval of the eligible voters within Improvement Area No. 1, to levy the proposed special taxes in Improvement Area No. 1 at the rates set forth in the Rate and Method applicable to Improvement Area No. 1 on all non-exempt property within Improvement Area No. 1 sufficient (i) to finance Improvements and Incidental Expenses directly, and (ii) to pay the principal and interest and other periodic costs on the bonds proposed to be issued by the District for Improvement Area No. 1 to finance Improvements and Incidental Expenses, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) and other expenses of the type permitted by Section 53345.3 of the Act. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, Improvement Area No. 1, and the Future Annexation Area therein, the issuance of bonds, the levying and collecting of the special tax, the completion and inspection of the Improvements and the annual administration of the bonds and the District, Improvement Area No. 1, and the Future Annexation Area therein. The Rate and Method is described in detail in Attachment "B" hereto and the Board of Directors hereby finds that said

Attachment “B” hereto contains sufficient detail to allow each landowner within Improvement Area No. 1 to estimate the maximum amount that may be levied against each parcel.

If special taxes of Improvement Area No. 1 are levied against any parcel used for private residential purposes for the purpose of financing facilities (i) the maximum special tax rate shall not increase, (ii) such tax shall not be levied later than the 2074-75 Fiscal Year and (iii) under no circumstances shall such special tax in Improvement Area No. 1 be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within Improvement Area No. 1 by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any delinquencies or defaults.

A special tax to finance the Improvements shall not be levied in one or more Future Improvement Areas formed to include territory that annexes into the CFD No. 2023-1 from the Future Annexation Area after the fiscal year identified in the rate and method for the Future Improvement Area, which shall not be greater than fifty (50) fiscal years following the date of annexation into CFD No. 2023-1, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years. Under no circumstances shall such special taxes levied against any parcel used for private residential purposes in any Future Improvement Area for the purpose of financing Improvements be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within such Future Improvement Area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any delinquencies or defaults.

For Future Improvement Areas designated by the Unanimous Approval, a different rate and method may be authorized by the applicable Unanimous Approval if the annexed territory is designated as a separate improvement area, subject to the conditions described below. No supplements to the Rate and Method for any of the Future Improvement Areas and no new rate and method will cause the maximum tax rate in the then-existing territory of the CFD No. 2023-1 (including Improvement Area No. 1) to increase. The designation as a new improvement area of any territory annexing to the CFD No. 2023-1, the maximum amount of bonded indebtedness and other debt for such new improvement area, the rate and method of apportionment of special tax for such new improvement area and the appropriations limit for such new improvement area shall be identified and approved in the applicable Unanimous Approval.

For all annexations of all or any part of the Future Annexation Area to CFD No. 2023-1, there shall be submitted a unanimous approval executed by 100% of the property owners of the property to be annexed into CFD No. 2023-1 (each, a “Unanimous Approval”).

For annexation to Improvement Area No. 1 or into a then-existing Future Improvement Area of CFD No. 2023-1, the annexation and related matters described in the Unanimous Approval shall be implemented and completed without the need for Board of Directors approval.

For annexation to a newly-designated improvement area of CFD No. 2023-1, the annexation and related matters described in the Unanimous Approval shall be implemented and completed without the need for Board of Directors approval as long as the following conditions are met:

- (i) The rate and method of apportionment of special tax for the new improvement area is prepared by a special tax consultant retained by the Water District and paid for by the developer or the applicable property owners submitting the Unanimous Approval.

- (ii) The rate and method of apportionment of special tax for the new improvement area complies with the Water District's local goals and policies established under Section 53312.7(a) of the Act and in effect on the date hereof, except as such changes are made to reflect changes in law.
- (iii) The rate and method of apportionment of special tax for the new improvement area does not establish a maximum special tax amount for the initial fiscal year in which the special tax may be levied for any category of special tax that is greater than 120% of the maximum amount of the same category of special tax for the same fiscal year calculated pursuant to the rate and method of apportionment of special tax for Improvement Area No. 1.
- (iv) The rate and method of apportionment of special tax for the new improvement area does not introduce a special tax that was not included in the rate and method of apportionment of special tax for Improvement Area No. 1.
- (v) The rate and method of apportionment of special tax for the new improvement area includes a mechanism that protects against revenue loss as a result of land use changes.

If the conditions set forth in this Section 6 are satisfied, then this Board of Directors hereby determines that any property for which the owner or owners execute a Unanimous Approval that is annexed into CFD No. 2023-1 shall be added to CFD No. 2023-1 and the Secretary of the Board of Directors shall (i) record an amendment to the notice of special tax lien for CFD No. 2023-1 pursuant to Section 3117.5 of the Streets & Highways Code if the property is annexed into Improvement Area No. 1 or into an existing improvement area or (ii) record a notice of special tax lien for the new improvement area pursuant to Section 3114.5 of the Streets and Highways Code if the property is annexed into a new improvement area.

This Board of Directors hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the proposed CFD No. 2023-1, Improvement Area No. 1 and the Future Annexation Area.

The Board of Directors hereby determines the rate and method of apportionment of the special tax for Improvement Area No. 1 set forth in Attachment "B" hereto and the rates and methods of apportionment of the special tax for Future Improvement Areas based on the above parameters (the "Future Rates and Methods") 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 tax is not on or based upon the value or ownership of real property. In the event that a portion of the property within Improvement Area No. 1 or the Future Improvement Areas shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Attachment "B" hereto for Improvement Area No. 1 and in the Future Rates and Methods with respect to the Future Improvement Areas, the Board of Directors shall, on behalf of CFD No. 2023-1 cause the levy to be increased in Improvement Area No. 1 or the Future Improvement Areas, as applicable, subject to the limitation of the maximum special tax for a parcel as set forth in Attachment "B" hereto for Improvement Area No. 1 and in the Future Rates and Methods with respect to the Future Improvement Areas, to the extent necessary upon the remaining property within Improvement Area No. 1 or the applicable Future Improvement Area, as applicable, which is not exempt in order to yield the special tax revenues required for the purposes described in this Section; provided, however, that under no circumstances will such special tax be increased in any

fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within any Improvement Area by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The amount of the special tax for Improvement Area No. 1 will be set in accordance with the Rate and Method. The obligation to pay special taxes may be prepaid as provided in the rate and method of apportionment set forth in Attachment "B" hereto for Improvement Area No. 1 and in the Future Rates and Methods with respect to the Future Improvement Areas, as such rate and method may be amended hereafter. For the avoidance of doubt, there is no cross-collateralization between improvement areas of CFD No. 2023-1, and the delinquency in one improvement area of CFD No. 2023-1 may not increase the levy of special taxes on property in another improvement area of CFD No. 2023-1.

As required by Section 53339.3(d) of the Act, this Board of Directors hereby determines that the special tax proposed to pay for the Improvements to be supplied within the Future Annexation Area financed with bonds that have already been issued and that are secured by previously-existing areas of CFD No. 2023-1 will be equal to the special taxes levied to pay for the same Improvements in previously-existing areas of CFD No. 2023-1 and Improvement Area No. 1, except that (i) a higher special tax may be levied within the Future Annexation Area to pay for the same Improvements to compensate for the interest and principal previously paid from special taxes in the original area of CFD No. 2023-1 and Improvement Area No. 1, less any depreciation allocable to the financed Improvements and (ii) a higher special Tax may be levied in the Future Annexation Area to pay for new or additional Improvements, with or without bond financing.

The Water District's Director of Finance will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

7. The Water 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 by the Water District in creating CFD No. 2023-1, Improvement Area No. 1 and the Future Annexation Area. The Water 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 Board of Directors, with or without interest.

8. Upon recordation of a notice of special tax lien within Improvement Area No. 1 pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in Improvement Area No. 1 therein; and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the District in Improvement Area No. 1 ceases.

9. It is hereby further determined that there is no ad valorem property tax currently being levied on property within the proposed District for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of the District as are proposed to be provided by the Improvements to be financed by the District.

10. Written protests against the establishment of the District and the designation of Improvement Area No. 1 therein have not been filed by one-half or more of the registered voters within the boundaries of the District and Improvement Area No. 1 therein or by the property owners of one-half or more of the area of land within the boundaries of the District and Improvement Area No. 1 therein. The Board of Directors hereby finds that the proposed special tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

11. Written protests against the establishment the Future Annexation Area have not been filed by (i) one half or more of the registered voters within the boundaries of the District and Improvement Area No. 1 therein, (ii) one half or more of the registered voters within the boundaries of the Future Annexation Area, (iii) the property owners of one half or more of the area of land within the boundaries of the District and Improvement Area No. 1 therein, or (iv) the property owners of one half or more of the area of land within the boundaries of the Future Annexation Area. The Board of Directors hereby finds that the proposed special tax has not been precluded by a majority protest pursuant to Section 53339.6. of the Act.

12. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the District is hereby preliminarily established at \$33,900,000, and said appropriations limit shall be submitted to the voters of Improvement Area No. 1 as hereafter provided. The proposition establishing said annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act.

13. An election is hereby called for Improvement Area No. 1 on the propositions of levying the special tax on the property within Improvement Area No. 1 and establishing an appropriations limit for the District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness for the District and Improvement Area No. 1 therein, pursuant to Section 53351 of the Act. The propositions to be placed on the ballot for the District and Improvement Area No. 1 are attached hereto as Attachment "A."

14. The District is in receipt of a waiver of time limits and election formalities signed by 100% of the qualified electors within the District, and therefore the election may be held at any time after the public hearing. The date of the elections within Improvement Area No. 1 shall be August 14, 2023, or such later date as is consented to by the Secretary and the landowners within Improvement Area No. 1. The Secretary shall conduct the elections. Except as otherwise provided by the Act, the elections shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the Water District insofar as such provisions are determined by the Secretary to be applicable.

It is hereby found that there are not more than twelve registered voters within the territory of Improvement Area No. 1, and, pursuant to Section 53326 of the Act, each landowner who is the owner of record on the date hereof, or the authorized representative thereof, shall have one vote for each acre or portion thereof that he, she or it owns within Improvement Area No. 1. The voters shall be the landowners of record within Improvement Area No. 1 as of August 14, 2023.

15. The preparation of the Community Facilities District Report is hereby ratified. The Community Facilities District Report, as submitted, is hereby approved and made a part of the record of the public hearing regarding the formation of the District and Improvement Area No. 1

and the Future Annexation Area therein, and is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

16. The form of Acquisition Agreement presented at this meeting is hereby approved and the President of the Board, the Vice-President of the Board, and General Manager of the Water District, or their written designees, are each hereby authorized and directed to execute and deliver the Acquisition Agreement in substantially the form on file with the Board Secretary of the Water District, with such additions thereto and changes therein as are recommended or approved by Bond Counsel for the Water District and the officer or officers executing the same, with such approval to be conclusively evidenced by the execution and delivery of such document.

17. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED this 14<sup>th</sup> day of August, 2023.

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President of the Root Creek Water District

ATTEST:

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Board Secretary of the Board of Directors of  
the Root Creek Water District

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the Root Creek Water District at its meeting held on August 14, 2023.

ATTEST:

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Board Secretary of the Board of Directors of  
the Root Creek Water District



**ATTACHMENT "A"**

SAMPLE BALLOT

COMMUNITY FACILITIES DISTRICT NO. 2023-1  
OF THE ROOT CREEK WATER DISTRICT  
(IMPROVEMENT AREA NO. 1)

SPECIAL TAX AND BOND ELECTION

August 14, 2023

This ballot represents \_\_\_ votes.

To vote, write or stamp a cross ("+" or "X") in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of the Root Creek Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2023-1 of the Root Creek Water District (the "District") incur an indebtedness and issue bonds for Improvement Area No. 1 of the District ("Improvement Area No. 1") in one or more series in the maximum aggregate principal amount of \$24,500,000, and bonds within future annexation areas within the District excluding Improvement Area No. 1 in one or more series in a maximum aggregate principal amount not to exceed \$9,400,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Improvements and the Incidental Expenses described in the resolution of the Board of Directors of the Root Creek Water District forming the District (the "Resolution of Formation")?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION B: Shall a special tax with a rate and method of apportionment for Improvement Area No. 1 as provided in the resolution of the Board of Directors of the Root Creek Water District forming the District (the "Resolution of Formation") be levied to (i) finance Improvements and Incidental Expenses and (ii) pay the principal of and interest on bonds issued to finance the Improvements and Incidental Expenses for Improvement Area No. 1 and the other purposes described in Resolution No. 2023-7-10a and in the Resolution of Formation?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION C: For each year commencing with Fiscal Year 2024/2025, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2023-1 of the Root Creek Water District be an amount equal to \$33,900,000?

YES \_\_\_\_\_

NO \_\_\_\_\_

ATTACHMENT “B”

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**IMPROVEMENT AREA NO. 1  
COMMUNITY FACILITIES DISTRICT NO. 2023-1  
OF THE ROOT CREEK WATER DISTRICT  
RATE AND METHOD OF APPORTIONMENT**

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A Special Tax shall be levied on all Taxable Property (as defined below) within the boundaries of Improvement Area No. 1 of Community Facilities District No. 2023-1 of the Root Creek Water District and collected each Fiscal Year commencing in Fiscal Year 2024/2025 in an amount determined by the Board, through the application of this Rate and Method of Apportionment to the extent and in the manner herein provided.

**1. DEFINITIONS**

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

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

“**Administrative Expenses**” means the expenses incurred by the Water District on behalf of Improvement Area No. 1 of CFD No. 2023-1 related to the determination of the amount of the levy of Annual Special Taxes; the costs of any dissemination agent for the Water District or any obligated party; the collection of Annual Special Taxes including the expenses of collecting delinquencies; the administration of the Bonds; the payment of salaries and benefits of any employee of the Water District whose employment duties are directly related to the administration of Improvement Area No. 1 of CFD No. 2023-1; and the costs otherwise incurred in order to carry out authorized purposes of Improvement Area No. 1 of CFD No. 2023-1.

“**Annual Special Tax**” means the Special Tax actually levied in any Fiscal Year on any Assessor’s Parcel.

“**Annual Special Taxes**” means the Special Tax actually levied in any Fiscal Year on all Taxable Property in Improvement Area No. 1.

“**Approved Property**” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Subdivision Map, excluding lettered lots thereon and remainder parcels that are subject to further subdivision, that were recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied; and (ii) that have not been issued a Building Permit prior to the April 1st preceding the Fiscal Year in which the Special Tax is being levied. This term does not apply to Assessor’s Parcels that will be developed as Non-Residential Property.

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

“**Assessor’s Parcel**” means a Lot or parcel shown within Improvement Area No. 1 on an Assessor’s parcel map with an assigned Assessor’s parcel number.

**“Board”** means the Board of Directors of the Water District, or its designee, acting as the legislative body of Improvement Area No. 1 of CFD No. 2023-1 under the provisions of the Act.

**“Board President”** means the President of the Board of the Root Creek Water District or his or her designee.

**“Bond Index”** means the national Bond Buyer Revenue Bond Index, commonly referenced as the 25-Bond Revenue Index. In the event the 25-Bond Revenue Index ceases to be published, the Bond Index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by the CFD Administrator.

**“Bonds”** means any obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, secured in whole or in part by the levy of Special Taxes.

**“Boundary Map”** means that certain map entitled “Proposed Boundaries of Community Facilities District No. 2023-1 of the Root Creek Water District” recorded in the Official Records of the County.

**“Building Permit”** means a permit for the construction of one or more Residential Units or a non-residential structure issued by the County, or another public agency in the event the County no longer issues permits for construction within Improvement Area No. 1 of CFD No. 2023-1. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of parking structures, retaining walls, utility improvements, or other such improvements.

**“Building Square Footage” or “Building Square Foot”** means all of the square footage of usable area within the perimeter of a structure, not including any carport, outside walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

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

**“CFD Administrator”** means an authorized representative of the Water District, or designee thereof, responsible for determining the Special Tax Requirement, for preparing the Annual Special Tax roll, monitoring Development Changes, and updating Attachment 1.

**“CFD Formation”** means the date on which the Resolution of Formation to form CFD No. 2023-1 was adopted by the Board.

**“CFD No. 2023-1”** means Community Facilities District No. 2023-1 of the Root Creek Water District.

**“County”** means the County of Madera, California.

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

**“Developed Property”** means for each Fiscal Year, all Assessor’s Parcels of Taxable Property, exclusive of Assessor’s Parcels of Provisional Undeveloped Property, for which a Building Permit for new construction or renovations of one or more Residential Units or for a structure or structures for non-residential use was issued prior to April 1 of the previous Fiscal Year.

**“Development Change”** means a proposed or approved change to the Expected Development within Improvement Area No. 1 after CFD Formation.

**“Development Phase”** means a tract map, block, planning area, or geographic area representing an expected construction phase planned to be developed by each Property Owner at the time a Development Plan is submitted to the CFD Administrator. A Development Plan shall designate the geographic area included within each Development Phase by Assessor’s Parcels or tract and lot numbers.

**“Development Plan”** means a development plan for Improvement Area No. 1 of CFD No. 2023-1 submitted by a Property Owner to the CFD Administrator used for identifying the Expected Maximum Special Tax Revenues in each Development Phase or, if no Development Phases are identified in the Development Plan, such Expected Maximum Special Tax Revenues for the entirety of Improvement Area No. 1 of CFD No. 2023-1. The Development Plan shall include the actual or proposed Building Square Footages and number of Residential Units for property being developed including planned Residential Units, Residential Units constructed and sold, Residential Units constructed but unsold, Residential Units under construction and the actual or proposed Building Square Footages of Non-Residential Property on the property developed by each Property Owner and the projected development for the remainder of such Property Owner’s property.

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

**“Expected Development”** means the Total Square Footage expected within Improvement Area No. 1 at the time of CFD Formation, as identified in Attachment 1 of this Rate and Method. For annexations, the Expected Development will be identified in the rate and method attached to the Unanimous Approval Form.

**“Expected Maximum Special Tax Revenues”** means the amount of annual revenue that would be available in Improvement Area No. 1 if the Maximum Special Tax was levied on the Expected Development. The Expected Maximum Special Tax Revenues are set forth in Attachment 1 hereto. Attachment 1 may be amended from time to time as set forth in this Rate and Method.

**“Final Bond Sale”** means, at any point in time, the last series of Bonds issued for Improvement Area No. 1, which utilizes the remaining capacity available from the Expected Maximum Special Tax Revenues that can be generated within Improvement Area No. 1, as determined by the CFD Administrator.

**“Final Subdivision Map”** means a subdivision of property created by recordation of a final map or parcel map, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 or lot line adjustment that creates individual Lots for which building permits may be issued without further subdivision. This term does not apply to property that will be developed with Non-Residential Property.

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

**“Future Annexation Area”** means that geographic area that, at the time of CFD Formation, was considered potential annexation area for CFD No. 2023-1 and which was, therefore, identified as “Future Annexation Area” on the Boundary Map. Such designation does not mean that any or all of the Future Annexation Area will annex into CFD No. 2023-1 or Improvement Area No. 1, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act.

**“Improvement Area No. 1” or “IA No. 1”** means Improvement Area No. 1 of CFD No. 2023-1.

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

**“Land Use Class”** means any of the classes listed in Table 1 under Section 3 below.

**“Lot”** means an individual legal lot created by a Final Subdivision Map that is intended to be developed with a Residential Unit.

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

**“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.

**“One-Time Special Tax”** means the Special Tax authorized to be levied within Improvement Area No. 1 of CFD No. 2023-1 pursuant to the Act and this Rate and Method resulting from each Development Change, as described in Section 4 herein.

**“One-Time Special Tax Payment Date”** means, for an Assessor’s Parcel, thirty (30) days after the date the bill is distributed by the CFD Administrator requesting payment of the One-Time Special Tax.

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

**“Partial Prepayment Amount”** means a prepayment of a portion of the Special Tax Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 8 below.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment and redemption of Bonds.

**“Prepayment Amount”** means a prepayment of the entire Special Tax Obligation applicable to an Assessor’s Parcel of Taxable Property as set forth in Section 8 below.

**“Present Value of Taxes”** means the actual amount of any Special Tax applicable to an Assessor’s Parcel in the current Fiscal Year not yet paid for Improvement Area No. 1 of CFD No. 2023-1, plus the present value of the Annual Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination occurs as specified in Section 9, using as the

discount rate either (i) prior to the first Bond issuance, the most recently published Bond Index or (ii) after the first Bond issuance, the Yield On The Bonds.

**“Property Owner”** means the owner of property within Improvement Area No. 1 of CFD No. 2023-1, other than homeowners.

**“Property Owner Association Property”** means any Assessor’s Parcel within the boundaries of Improvement Area No. 1 of CFD No. 2023-1 owned in fee by a property owner association, including any master or sub-association.

**“Proportionately” or “Proportionate”** means for Developed Property and Approved Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property or Approved Property, as applicable. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property as described in Section 6 below.

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

**“Rate and Method”** means this Rate and Method of Apportionment for Improvement Area No. 1 of CFD 2023-1.

**“Recreational Property”** means all Assessor’s Parcels constructed or to be constructed as (i) a community recreation center or (ii) open space, trails, and parks.

**“Required Coverage”** means the amount by which the Expected Maximum Special Tax Revenues exceeds the Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document.

**“Reserve Fund Credit”** (if any) means, for each owner of an Assessor’s Parcel wishing to prepay the Special Tax Obligation of such Assessor’s Parcel, an amount equal to the lesser of (i) the reduction in the reserve requirement for the Outstanding Bonds resulting from the redemption of Bonds with the applicable prepaid Special Taxes or (ii) the amount calculated by subtracting the new reserve requirement after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the date of prepayment, but no reserve fund credit will be given if such amount is less than zero. In the event that a surety bond or other credit instrument satisfies the reserve requirement, no Reserve Fund Credit shall be given.

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

**“Special Tax”** means any special tax authorized to be levied within Improvement Area No. 1 of CFD No. 2023-1 pursuant to the Act and this Rate and Method.

**“Special Tax Obligation”** means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of Improvement Area No. 1 of CFD No. 2023-1.

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to replenish any reserve funds for all Outstanding Bonds; (v) pay the costs associated with the release of funds from an escrow account established in association with the Bonds; (vi) accumulate funds to pay directly for acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the Special Tax to be levied on Approved Property or Undeveloped Property; and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year or the Water District’s historical delinquency rate; less (viii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**“State”** means the State of California.

**“Target Special Tax”** means, as set forth in Table 1 herein, the Special Tax per Building Square Foot for each Land Use Class that was used to determine the Expected Maximum Special Tax Revenues shown in Attachment 1.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 1 of CFD No. 2023-1, which are not exempt from the levy of the Special Tax pursuant to law or Section 10 below.

**“Total Square Footage”** means the anticipated Building Square Footage for all structures in Improvement Area No. 1.

**“Unanimous Approval Form”** means the form executed by the record owner of fee title to an Assessor’s Parcel or Assessor’s Parcels included within the Future Annexation Area and annexed into Improvement Area No. 1 that constitutes the property owner’s approval and unanimous vote in favor of annexing the property into Improvement Area No. 1 and authorized the levy of Special Taxes against his/her Assessor’s Parcel or Assessor’s Parcels pursuant to this Rate and Method.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property within the boundaries of Improvement Area No. 1 of CFD No. 2023-1 not classified as Developed Property, Approved Property or Provisional Undeveloped Property.

**“Water District”** means the Root Creek Water District.

**“Yield On The Bonds”** means the arbitrage yield for the Bonds. If more than one (1) series of Bonds have been issued, the Yield On The Bonds shall be the arbitrage yield for the last series of Bonds issued.

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2024/2025, each Assessor’s Parcel within Improvement Area No. 1 of CFD No. 2023-1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property within Improvement Area No. 1 of CFD No. 2023-1 shall be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method determined pursuant to Sections 3, 4,

and 6 below. Furthermore, each Assessor's Parcels of Developed Property shall be further classified to its applicable Land Use Class.

In addition, the CFD Administrator shall, on an ongoing basis, monitor Final Subdivision Maps and Expected Development to determine if there are any actual or proposed Development Changes that would reduce the Expected Maximum Special Tax Revenues. If the Expected Maximum Special Tax Revenues will be reduced pursuant to an actual or proposed Development Change, the CFD Administrator shall apply the steps set forth in Section 4 below.

**3. MAXIMUM SPECIAL TAX RATES**

**A. Developed Property**

- (i). The Target Special Taxes in Table 1 below shall be the Maximum Special Tax for all Assessor's Parcels of Developed Property within Improvement Area No. 1 if the Total Square Footage in Improvement Area No. 1 is greater than or equal to the Expected Development shown in Attachment 1. If there are Development Changes that would reduce debt service coverage on outstanding Bonds below the Required Coverage, the Maximum Special Tax for each Land Use Class shall be determined pursuant to Section 4 below.

<b>Table 1</b>	
<b>Land Use Class</b>	<b>Target Special Tax per Building Square Foot (All Fiscal Years)</b>
Residential Unit	\$0.20 per Building Square Foot
Non-Residential Property	\$0.20 per Building Square Foot

- (ii). Once Special Taxes have been levied on an Assessor's Parcel of Developed Property, the Maximum Special Taxes applicable to that Assessor's Parcel shall not be reduced in future Fiscal Years regardless of changes in land use on the Assessor's Parcel, except (i) in the event of a partial prepayment pursuant to Section 8(b), and (ii) pursuant to Section 4. Notwithstanding the foregoing, (i) if Bonds have yet to be issued for Improvement Area No. 1, the Assessor's Parcels can be assigned to the appropriate Land Use Class, and the CFD Administrator shall recalculate the Expected Maximum Special Tax Revenues based on the corresponding changes in revenues, and (ii) the actual Special Tax levied on the Assessor's Parcel in any Fiscal Year may be less than the Maximum Special Tax if a lower Special Tax is calculated pursuant to Step 1 in Section 6 below.

**B. Approved Property**

For all Fiscal Years, the Maximum Special Tax for Approved Property shall be \$452 per Lot.

**C. Provisional Undeveloped Property and Undeveloped Property**

For all Fiscal Years, the Maximum Special Tax for Provisional Undeveloped Property and Undeveloped Property shall be \$3,692 per Acre for property zoned residential or



mixed use as determined by the County and \$2,160 per Acre for property zoned for non-residential use as determined by the County.

#### **4. CHANGES TO MAXIMUM SPECIAL TAX**

The Expected Maximum Special Tax Revenues shown in Attachment 1 were calculated based on the Expected Development at CFD Formation. As set forth in Section 5 herein, Attachment 1 shall be modified to reflect the Expected Development and Expected Maximum Special Tax Revenues for Improvement Area No. 1 if property is annexed to Improvement Area No. 1. Attachment 1 is also subject to modification upon the occurrence of Development Changes, as described below.

Prior to the sale of the first series of Bonds, the CFD Administrator shall request from each Property Owner in Improvement Area No. 1 a Development Plan for such Property Owner's property in Improvement Area No. 1. The CFD Administrator shall then update Attachment 1 to reflect the Development Plans of all Property Owners, and the updated Attachment 1 shall be used to size the Bonds.

After the sale of the first series of Bonds, the CFD Administrator shall regularly review all Development Changes and compare the revised land uses to the Expected Development to evaluate the impact on the Expected Maximum Special Tax Revenues.

If, prior to the first sale of Bonds, a Development Change is proposed or occurs that will result in a reduction (or increase) in the Expected Maximum Special Tax Revenues, no action will be needed pursuant to this Section 4. Upon implementation of the Development Change, the CFD Administrator shall update Attachment 1 to show the reduced (or increased) Expected Maximum Special Tax Revenues.

If, after the first sale of Bonds, a Development Change occurs or is proposed, Steps 1 through 3 must be applied:

**Step 1:** By reference to Attachment 1 (which shall be updated by the CFD Administrator each time a Development Change has been processed according to this Section 4), the CFD Administrator shall identify the Expected Maximum Special Tax Revenues for Improvement Area No. 1.

**Step 2:** The CFD Administrator shall calculate the Expected Maximum Special Tax Revenues that could be collected from Taxable Property in Improvement Area No. 1 as a result of the Development Change.

**Step 3:** If the amount calculated in Step 2 is higher than that determined in Step 1, no further action is needed and the CFD Administrator shall update Attachment 1 to show the increased Expected Maximum Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, no action will be needed if the reduction in Expected Maximum Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon implementation of the Development Change, the CFD Administrator shall update Attachment 1 to show the reduced Expected Maximum Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the CFD Administrator determines that the reduction in Expected Maximum Special Tax Revenues would reduce debt service coverage on outstanding Bonds below the Required Coverage, the Property Owner that made or is requesting the Development Change (the "Changing Property Owner") must pay a One-Time Special Tax equal to the amount necessary to call Bonds to ensure that the reduced Expected Maximum Special Tax Revenues are sufficient to provide Required Coverage on the outstanding Bonds following such redemption.

The One-Time Special Tax shall be levied by means of direct billing to all Assessor's Parcels of Taxable Property owned by the Changing Property Owner. The total One-Time Special Taxes required shall be divided proportionately among all of the Assessor's Parcels of Taxable Property owned by the Changing Property Owner based on the relative amount of Special Taxes to be levied on and applied to such Assessor's Parcels of Taxable Property in the next Fiscal Year. The One-Time Special Tax levied on each such Assessor's Parcel of Taxable Property shall have the same priority and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

The CFD Administrator shall prepare a bill for the One-Time Special Tax payable with respect to each Assessor's Parcels of Taxable Property owned by such Changing Property Owner and shall send such bill to the Changing Property Owner by United States first-class mail, postage prepaid. Said bill shall be so mailed no later than five business days after the date of calculation, and shall be dated as of the date of such mailing. The One-Time Special Tax shall be due and payable upon the One-Time Special Tax Payment Date. The ownership and billing address for each such Assessor's Parcel of Taxable Property shall be ascertained from the records of the Assessor of the County. Each such bill shall state the amount of the One-Time Special Tax payable, the One-Time Special Tax Payment Date, and shall inform the Changing Property Owner that if such One-Time Special Tax is not paid by such date, penalties and interest will begin to accrue, foreclosure proceedings may be initiated, and a lis pendens may be recorded against each delinquent Assessor's Parcel of Taxable Property until the One-Time Special Tax is paid.

The One-Time Special Tax may be levied anytime that a Development Change results in the reduction in Expected Maximum Special Tax Revenues that would reduce debt service coverage on outstanding Bonds below the Required Coverage.

The One-Time Special Tax collected shall be applied to the redemption of Bonds in accordance with Section 8, or, if there are amounts available after redeeming all Bonds, used to pay directly for authorized facilities.

The One-Time Special Tax shall terminate and no longer be levied or collected pursuant to this Rate and Method as set forth in Section 9.

## **5. ANNEXATIONS**

If, in any Fiscal Year, a landowner within the Future Annexation Area wants to annex property into Improvement Area No. 1, the CFD Administrator shall apply the following steps as part of the annexation proceedings:

**Step 1:** Working with the Water District staff and the landowner, the CFD Administrator shall determine the Maximum Special Taxes that will apply to all Assessor's Parcels that are expected to be within the area to be annexed. Once determined, the Maximum Special

Taxes for the annexing area shall be identified on the Unanimous Approval Form which will be signed by the landowner as part of the annexation process.

**Step 2:** The CFD Administrator shall record a Notice of Special Tax Lien against all Assessor's Parcels that are annexed to Improvement Area No. 1.

**Step 3:** The CFD Administrator shall prepare and keep on file an updated Attachment 1 that adds the annexed property and identifies the Expected Development and revised Expected Maximum Special Tax Revenues for Improvement Area No. 1. After the annexation is complete, the application of Sections 4, 6, and 8 of this Rate and Method shall be based on the adjusted Expected Development and Expected Maximum Special Tax Revenues including the newly annexed property.

If an owner of an Assessor's Parcel or Assessor's Parcels outside the Future Annexation Area wants to annex into Improvement Area No. 1 and the Water District agrees to such annexation, the procedures set forth in Section 53339 et seq. of the Act shall be used to process the annexation. The CFD Administrator shall apply the steps set forth above, using, for Step 1, the Maximum Special Taxes identified in the Rate and Method of Apportionment of Special Tax adopted as part of the annexing proceedings instead of the Unanimous Approval Form.

## 6. METHOD OF APPORTIONMENT

For each Fiscal Year, commencing in Fiscal Year 2024/2025, the CFD Administrator shall calculate the Annual Special Taxes on all Taxable Property in accordance with the following steps:

**First:** Until the earlier of the date of the Final Bond Sale or the date that all of the authorized facilities are financed by CFD No. 2023-1, the Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property at the Maximum Special Tax; thereafter, the Annual Special Tax shall be levied on each Assessor's Parcel of Developed Property up to an amount equal to the applicable Maximum Special Tax to satisfy the Special Tax Requirement.

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

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private

residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 1 of CFD No. 2023-1, except for those Assessor's Parcels of Developed Property whose owners are also delinquent or in default on their Special Tax payments for one or more other properties within Improvement Area No. 1 of CFD No. 2023-1.

## **7. COLLECTION OF ANNUAL SPECIAL TAXES**

Collection of the Annual Special Tax shall be by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Water District may provide for (i) other means of collecting the Annual Special Tax, including direct billings thereof to the property owners, and (ii) judicial foreclosure of delinquent Special Taxes to meet the financial obligations of Improvement Area No. 1 of CFD No. 2023-1.

## **8. PREPAYMENT OF SPECIAL TAX OBLIGATION**

Property owners may prepay and permanently satisfy the Special Tax Obligation by a cash settlement with the Water District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

### **A. Prepayment in Full**

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

The Prepayment Amount shall be calculated as summarized below (capitalized terms as defined in Section 1):

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P = Prepayment Amount  
PVT = Present Value of Taxes  
RFC = Reserve Fund Credit  
PAF = Prepayment Administrative Fees

The amount representing the Present Value of Taxes attributable to the prepayment, prior to the issuance of the first series of Bonds shall be deposited into a separate account held with the Water District to fund facilities authorized to be financed by Improvement Area No. 1 of CFD No. 2023-1. The amount representing the Present Value of Taxes attributable to the prepayment, less the Reserve Fund Credit attributable to the prepayment shall, after the issuance of the first series of Bonds, be deposited into the applicable account or fund established under the Indenture and used to pay debt service or redeem Bonds. The amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained and deposited into the applicable account by Improvement Area No. 1 of CFD No. 2023-1.

With respect to any Assessor's Parcel that has prepaid its Special Tax Obligation, CFD No. 2023-1 shall indicate in the records of CFD No. 2023-1 that there has been a prepayment of the Special Tax Obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax Obligation and the release of the Special Tax lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay the Annual Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless (i) the amount of Annual Special Taxes that may be levied on Taxable Property after such prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments in each future Fiscal Year on all Bonds that would remain outstanding after a portion of the Bonds are redeemed with such prepayment and (ii) such prepayment will not impair the security of all Outstanding Bonds, as reasonably determined by CFD No. 2023-1. Such determination shall include identifying all Assessors' Parcels that are expected to become Exempt Property.

## **B. Partial Prepayment**

The Special Tax Obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax Obligation would be prepaid.

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

Prior to the issuance of the first Building Permit for the construction of a production Residential Unit on a Lot within a Final Subdivision Map area, the owner of no less than all the Taxable Property within such Final Subdivision Map area may elect in writing to Improvement Area No. 1 of CFD No. 2023-1 to prepay a portion of the Special Tax Obligations for all the Assessor's Parcels within such Final Subdivision Map area, as calculated in Section 8.B.2 below. The partial prepayment of each Special Tax Obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel within such Final Subdivision Map area.

The Special Tax Obligation on an Assessor's Parcel of Non-Residential Property may be partially prepaid at any time.

## **2. Partial Prepayment Amount**

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

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the Partial Prepayment

$P_E$  = the Prepayment Amount calculated according to Section 8.A.

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

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

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax Obligation, (ii) the percentage by which the Special Tax Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section 8.A., and (ii) indicate in the records of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax Obligation and that a portion of the Special Tax Obligation with respect to such Assessor's Parcel, equal to the outstanding percentage  $(1.00 - F)$  of the remaining Maximum Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section 3.

## **9. TERM OF SPECIAL TAX**

The Annual Special Tax shall be levied for a period of thirty-five (35) years after the Final Bond Sale. However, in no event shall the Annual Special Tax be levied after Fiscal Year 2074/2075.

## **10. EXEMPTIONS**

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels of Property Owner Association Property, (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iv) Assessor's Parcels with public or utility easements or dedications making impractical their utilization for purposes other than set forth in the easement or dedication, and (v) Recreational Property. Exempt Property will be determined reasonably by the CFD Administrator, provided that no such classification would reduce the sum of all Taxable Property in Improvement Area No. 1 to less than 167.95 Acres. Assessor's Parcels

which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in Improvement Area No. 1 to less than 167.95 Acres shall be classified as Provisional Undeveloped Property, and will continue to be subject to the Special Tax accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

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

## **11. APPEALS**

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

**ATTACHMENT 1**

**Improvement Area No. 1 of  
Community Facilities District No. 2023-1 of the Root Creek Water District**

**Expected Development and Expected Maximum Special Tax Revenues**

<b>Land Use</b>	<b>Total Building Square Footage</b>	<b>Expected Number of Units</b>	<b>Special Tax Rate per Building Square Foot</b>	<b>Expected Maximum Special Tax Revenues</b>
Residential	358,174	218	\$0.20	\$71,635
Residential	374,061	201	\$0.20	74,812
Residential	369,570	194	\$0.20	73,914
Residential	611,376	271	\$0.20	122,275
Residential	659,103	249	\$0.20	131,821
Residential	555,993	163	\$0.20	111,199
Non-Residential	100,559	NA	\$0.20	20,112
<b>Totals</b>	<b>3,028,836</b>	<b>1,296</b>		<b>\$605,767</b>



## ATTACHMENT C

### DESCRIPTION OF IMPROVEMENTS AND INCIDENTAL EXPENSES

#### 1. Improvements.

Community Facilities District No. 2023-1 of the Root Creek Water District (the “CFD No. 2023-1”), Improvement Area No. 1 therein, and each Improvement Area formed in the future shall be authorized to finance all or a portion of the costs of the purchase, modification, expansion, rehabilitation, acquisition, construction and improvement of facilities permitted under the Mello-Roos Act and that are constructed in connection with the development of the master-planned community commonly known as “Riverstone” or the “Gateway Village Specific Plan” including, but not limited to, the property within CFD No. 2023-1, Improvement Area No. 1 and the Future Annexation Area therein, including, but not limited to, the following:

- Water, sewer, and storm drain facilities including, but not limited to, the acquisition of capacity in the water system and/or sewer system and/or storm drain system of the Root Creek Water District, and all appurtenances and appurtenant work in connection with the foregoing including the cost of land acquisition, engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Improvements and any other expense incidental to the construction, acquisition, modification, expansion or rehabilitation of such Improvements.

The Improvements listed herein are representative of the types of improvements authorized to be financed by CFD No. 2023-1, Improvement Area No. 1 and each Improvement Area formed in the future. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the Root Creek Water District. Addition, deletion or modification of descriptions of the Improvements may be made consistent with the requirements of the Board of Directors of the Root Creek Water District, CFD No. 2023-1 and the Act.

Any facility authorized to be financed by CFD No. 2023-1 may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities constructed or acquired may be located within or outside CFD No. 2023-1.

The facilities to be financed shall include all hard and soft costs associated with the facilities, including the costs of the acquisition of land and rights-of-way.

#### 2. Incidental Expenses.

Special taxes collected in CFD No. 2023-1, Improvement Area No. 1, and each Improvement Area formed in the future will also fund, in whole or in part, the incidental costs associated with the aforementioned facilities. Incidental costs include:

1. Administrative expenses including costs incurred to form CFD No. 2023-1, annex territory to CFD No. 2023-1, to annually administer CFD No. 2023-1, to levy and collect special taxes for CFD No. 2023-1, and any other costs incurred in standard administration of CFD No. 2023-1 by Root Creek Water District or their authorized consultants;

2. Any amounts needed for operating reserves and capital reserves;

3. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;

4. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond and underwriters counsel and all other incidental expenses.

**RESOLUTION NO. 2023-\_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
ROOT CREEK WATER DISTRICT, ACTING AS THE  
LEGISLATIVE BODY OF COMMUNITY FACILITIES  
DISTRICT NO. 2023-1 OF THE ROOT CREEK WATER  
DISTRICT, DETERMINING THE NECESSITY TO INCUR  
BONDED INDEBTEDNESS WITHIN SAID COMMUNITY  
FACILITIES DISTRICT AND CALLING ELECTIONS  
THEREIN**

**WHEREAS**, on July 10, 2023, the Board of Directors (the “Board of Directors”) of the Root Creek Water District (the “Water District”) adopted Resolution No. 2023-7-10a (the “Resolution of Intention”) stating its intention to establish (i) a community facilities district therein referred to as “Community Facilities District No. 2023-1 of the Root Creek Water District” (the “District” or “CFD No. 2023-1”), (ii) Improvement Area No. 1 within the District (“Improvement Area No. 1”), and (iii) a future annexation area (the “Future Annexation Area”) within the District, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”); and

**WHEREAS**, also in the Resolution of Intention, this Board of Directors determined that it may be necessary to designate additional improvement areas in the District as a result of the annexation of territory from the Future Annexation Area (each, a “Future Improvement Area”); and

**WHEREAS**, on July 10, 2023, the Board of Directors also adopted Resolution No. 2023-7-10b stating its intention to incur bonded indebtedness in one or more series within the proposed District in a maximum aggregate principal amount not to exceed \$24,500,000 for Improvement Area No. 1 and in a maximum aggregate principal amount not to exceed \$9,400,000 for CFD No. 2023-1 excluding Improvement Area No. 1 on behalf of Future Improvement Areas to finance: (1) the purchase, construction, expansion, improvement or rehabilitation of public improvements identified in Attachment “C” of the Resolution of Formation (as defined below) (which attachment is incorporated herein by this reference), including all furnishings, equipment and supplies related thereto (collectively, the “Improvements”) and (2) the incidental expenses to be incurred in connection with financing the Improvements, and forming and administering CFD No. 2023-1 as described in Attachment “B” to the Resolution of Intention (collectively, the “Incidental Expenses”); and

**WHEREAS**, notice was published as required by law relative to the intention of the Board of Directors to form the proposed District, Improvement Area No. 1 and the Future Annexation Area and to incur bonded indebtedness for the District and Improvement Area No. 1; and

**WHEREAS**, on August 14, 2023, the Board of Directors opened a noticed public hearing to determine whether it should proceed to form the District, Improvement Area No. 1, and the Future Annexation Area therein, issue bonds for the District and Improvement Area No. 1 to pay for the Improvements and Incidental Expenses and to authorize rates and methods of apportionment of special taxes to be levied on all property in Improvement Area No. 1 in the case of the Improvement Area No. 1, other than those properties exempted from taxation in the

rate and method of apportionment of Improvement Area No. 1 for the purposes described in the Resolution of Intention; and

**WHEREAS**, at said public hearing all persons desiring to be heard on all matters pertaining to the formation of the District and Improvement Area No. 1 and the Future Annexation Area therein, the levy of a special tax within Improvement Area No. 1 and the issuance of bonds for the District and Improvement Area No. 1 to pay for the cost of the proposed Improvements and Incidental Expenses were heard and a full and fair hearing was held; and

**WHEREAS**, subsequent to such hearing the Board of Directors adopted a resolution establishing the District, Improvement Area No. 1 and the Future Annexation Area therein (the "Resolution of Formation"); and

**WHEREAS**, the Board of Directors desires to make the necessary findings to incur bonded indebtedness for CFD 2023-1 and Improvement Area No. 1 within the District, to declare the purpose for said indebtedness, and to authorize the submittal of certain propositions to the voters of Improvement Area No. 1, being the owners of land within Improvement Area No. 1, all as authorized and required by law,

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ROOT CREEK WATER DISTRICT HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

1. It is necessary to incur bonded indebtedness of the District in one or more series in a maximum aggregate principal amount not to exceed \$24,500,000 for Improvement Area No. 1 and in one or more series in a maximum aggregate principal amount not to exceed \$9,400,000 for the District excluding Improvement Area No. 1 on behalf of Future Improvement Areas within the Future Annexation Area (the "Non-Improvement Area No. 1 Indebtedness Limit"). In the event a portion of the Future Annexation Area is annexed as a Future Improvement Area, the maximum indebtedness of such Future Improvement Area shall be identified and approved in the unanimous approval executed by property owners in connection with their annexation to CFD No. 2023-1 at the time of the annexation (each, a "Unanimous Approval") and in accordance with the provisions described in the Resolution of Intention and the Resolution of Formation, and such identified amount of the maximum indebtedness for the Future Improvement Area shall be subtracted from the Non-Improvement Area No. 1 Indebtedness Limit, which shall result in a corresponding reduction in the Non-Improvement Area No. 1 Indebtedness Limit that may be allocated in the future to other Future Improvement Areas.

2. The indebtedness is to be incurred for the purpose of financing the costs of purchasing, constructing, modifying, expanding, improving, or rehabilitating the Improvements, as described in the Resolution of Formation, financing the Incidental Expenses, and carrying out the powers and purposes of the District and Improvement Area No. 1, including, but not limited to, financing the costs of selling the bonds, establishing and replenishing bond reserve funds and paying remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash), administrative expenses and other expenses of the type authorized by Section 53345.3 of the Act.

3. The whole of the property within Improvement Area No. 1, other than property exempted from the special tax pursuant to the provisions of the rate and method of apportionment for Improvement Area No. 1, attached to the Resolution of Formation as

Attachment "B," shall pay for the bonded indebtedness of Improvement Area No. 1 pursuant to the levy of the special tax authorized by the Resolution of Formation.

4. The maximum term of each series of bonds to be issued shall in no event exceed thirty-five (35) years.

5. The bonds shall bear interest at the rate or rates not to exceed the maximum interest rate permitted by law, payable annually or semiannually, or in part annually and in part semiannually, except the first interest payment may be for a period of less than six months, with the actual rate or rates and times of payment to be determined at the time or times of sale thereof.

6. The bonds may bear a variable or fixed interest rate, provided that such variable rate or the fixed rate shall not exceed the maximum rate permitted by Section 53531 of the California Government Code, or any other applicable provision of law limiting the maximum interest rate on the bonds.

7. Pursuant to Section 53351 of the Act, a special election is hereby called for Improvement Area No. 1 of the District on the proposition of incurring the bonded indebtedness for Improvement Area No. 1. The propositions relative to incurring bonded indebtedness for Improvement Area No. 1 shall be in the form set forth in Attachment "A" to the Resolution of Formation. The election in Improvement Area No. 1 on the proposition of incurring bonded indebtedness shall be consolidated with the election and on the propositions to levy a special tax within Improvement Area No. 1 and to establish an appropriations limit for the District, which propositions shall be in the form set forth in Attachment "A" to the Resolution of Formation.

8. The date of the consolidated special election for Improvement Area No. 1 of the District shall be August 14, 2023, or such later date as is consented to by the Secretary of the Board of Directors (the "Secretary") and the owners of land within Improvement Area No. 1. The elections shall be conducted by the Secretary. Except as otherwise provided by the Act, the elections shall be conducted in accordance with the provisions of law regulating elections of the Water District insofar as such provisions are determined by the Secretary to be applicable. The Secretary is authorized to conduct the elections following the adoption of the Resolution of Formation and this resolution; and all ballots shall be received by, and the Secretary shall close the elections by 11:00 a.m. on the election day; provided the elections shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. It is hereby found that there are fewer than 12 registered voters within the territory of Improvement Area No. 1 of the District and, pursuant to Section 53351(j) of the Act, the ballots for the special elections shall be distributed in person or by mail with return postage prepaid to the landowners of record within Improvement Area No. 1 of the District as of the close of the August 14, 2023 hearing regarding the formation of the District, Improvement Area No. 1 and the Future Annexation Area therein. Each landowner shall have one vote for each acre or portion thereof that he, she or it owns within Improvement Area No. 1 of the District, as provided in Section 53326 of the Act.

9. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED this 14<sup>th</sup> day of August, 2023.

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President of the Root Creek Water District

ATTEST:

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Board Secretary of the Board of Directors of  
the Root Creek Water District

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the Root Creek Water District at its meeting held on August 14, 2023.

ATTEST:

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Board Secretary of the Board of Directors of  
the Root Creek Water District

RESOLUTION NO. 2023-\_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS OF ROOT CREEK WATER DISTRICT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF ROOT CREEK WATER DISTRICT, CERTIFYING THE RESULTS OF THE AUGUST 14, 2023 SPECIAL TAX AND BOND ELECTIONS WITHIN IMPROVEMENT AREA NO. 1 THEREOF**

**WHEREAS**, the Board of Directors (the “Board of Directors”) of Root Creek Water District (the “Water District”), acting as the legislative body of Community Facilities District No. 2023-1 of the Root Creek Water District called and duly held elections on August 14, 2023 within the boundaries of Improvement Area No. 1 (“Improvement Area No. 1”) of Community Facilities District No. 2023-1 of the Root Creek Water District (the “District” or “CFD No. 2023-1”) pursuant to Resolution Nos. 2023-7-10a and Nos. 2023-7-10b for the purpose of presenting to the qualified electors within Improvement Area No. 1 of the District the propositions which are attached hereto as Attachment “A”; and

**WHEREAS**, there has been presented to the Board of Directors a certificate of the Secretary of the Board of Directors (the “Secretary”) canvassing the results of the elections, a copy of which is attached hereto as Attachment “B”.

**NOW, THEREFORE, THE BOARD OF DIRECTORS, DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:**

1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

2. Propositions A, B and C presented to the qualified electors of Improvement Area No. 1 of the District on August 14, 2023 were approved by more than two-thirds of the votes cast at the election held for Improvement Area No. 1, and each of Propositions A, B and C has carried. The Board of Directors is hereby authorized to levy on the land within Improvement Area No. 1 of the District the special tax described in Proposition B for the purposes described therein and to take the necessary steps to levy the special tax authorized by Proposition B and to issue bonds for Improvement Area No. 1 in one or more series in the maximum aggregate principal amount of \$24,500,000, and bonds within future annexation areas within the District excluding Improvement Area No. 1 in one or more series in a maximum aggregate principal amount not to exceed \$9,400,000, all as specified in Proposition A.

3. The Secretary is hereby directed to record in the Office of the County Recorder within fifteen (15) days of the date hereof a notice of special tax lien for Improvement Area No. 1 of the District which Bond Counsel to the District shall prepare in the form required by Streets and Highways Code Section 3114.5.

4. This Resolution shall be effective upon its adoption.

ADOPTED, SIGNED AND APPROVED this 14<sup>th</sup> day of August, 2023.

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President of the Root Creek Water District

ATTEST:

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Board Secretary of the Board of Directors of  
the Root Creek Water District

I hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of the Root Creek Water District at its meeting held on August 14, 2023.

ATTEST:

---

Board Secretary of the Board of Directors of  
the Root Creek Water District



**ATTACHMENT "A"**

SAMPLE BALLOT

COMMUNITY FACILITIES DISTRICT NO. 2023-1  
OF THE ROOT CREEK WATER DISTRICT  
(IMPROVEMENT AREA NO. 1)

SPECIAL TAX AND BOND ELECTION

August 14, 2023

This ballot represents \_\_\_ votes.

To vote, write or stamp a cross ("+" or "X") in the voting square after the word "YES" or after the word "NO". All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the Secretary of the Root Creek Water District and obtain another.

PROPOSITION A: Shall Community Facilities District No. 2023-1 of the Root Creek Water District (the "District") incur an indebtedness and issue bonds for Improvement Area No. 1 of the District ("Improvement Area No. 1") in one or more series in the maximum aggregate principal amount of \$24,500,000, and bonds within future annexation areas within the District excluding Improvement Area No. 1 in one or more series in a maximum aggregate principal amount not to exceed \$9,400,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Improvements and the Incidental Expenses described in the resolution of the Board of Directors of the Root Creek Water District forming the District (the "Resolution of Formation")?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION B: Shall a special tax with a rate and method of apportionment for Improvement Area No. 1 as provided in the Resolution of Formation be levied to (i) finance Improvements and Incidental Expenses and (ii) pay the principal of and interest on bonds issued to finance the Improvements and Incidental Expenses for Improvement Area No. 1 and the other purposes described in Resolution No. 2023-7-10a and in the Resolution of Formation?

YES \_\_\_\_\_

NO \_\_\_\_\_

PROPOSITION C: For each year commencing with Fiscal Year 2017-18, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 2023-1 of the Root Creek Water District be an amount equal to \$33,900,000?

YES \_\_\_\_\_

NO \_\_\_\_\_

**ATTACHMENT "B"**

**CERTIFICATE OF SECRETARY  
AS TO THE RESULTS OF THE CANVASS OF THE ELECTION RETURNS**

(IMPROVEMENT AREA NO. 1)

I, Toni Scarborough, Board Secretary of the Root Creek Water District, do hereby certify that I have examined the returns of the Special Tax and Bond Election for Improvement Area No. 1 of Community Facilities District No. 2023-1 of the Root Creek Water District (the "District"). The election was held at The Lodge at Riverstone, 370 Lodge Road South, Madera California, on August 14, 2023. I caused to be delivered ballots to each qualified elector. \_\_\_\_\_ (\_\_\_\_) ballots were returned.

I further certify that the results of said election and the number of votes cast for and against Propositions A, B and C are as follows:

<u>PROPOSITION A</u>	<u>PROPOSITION B</u>	<u>PROPOSITION C</u>
YES:	YES:	YES:
NO:       -0-	NO:       -0-	NO:       -0-
TOTAL:	TOTAL:	TOTAL:

Dated this 14<sup>th</sup> day of August, 2023.

/s/  
Julia Stornetta, Board Secretary  
Root Creek Water District

ORDINANCE NO. \_\_\_\_\_

**ORDINANCE OF THE BOARD OF DIRECTORS OF THE ROOT CREEK WATER DISTRICT, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE ROOT CREEK WATER DISTRICT, AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE ROOT CREEK WATER DISTRICT**

**WHEREAS**, on July 10, 2023, the Board of Directors (the “Board of Directors”) of the Root Creek Water District (the “Water District”) adopted Resolution No. 2023-7-10a (the “Resolution of Intention”) declaring its intention to establish (i) a community facilities district therein referred to as “Community Facilities District No. 2023-1 of the Root Creek Water District” (the “District” or “CFD No. 2023-1”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”), (ii) Improvement Area No. 1 within the District (“Improvement Area No. 1”), and (iii) a future annexation area (the “Future Annexation Area”) therein;

**WHEREAS**, in the Resolution of Intention, this Board of Directors determined that it may be necessary to designate additional improvement areas when territory in the Future Annexation Area annexes into the District (each, a “Future Improvement Area”); and

**WHEREAS**, on July 10, 2023, the Board of Directors of the Water District adopted Resolution No. 2023-7-10b declaring its intention to incur bonded indebtedness within the District and Improvement Area No. 1; and

**WHEREAS**, on August 14, 2023 after providing all notice required by the Act, the Board of Directors opened a public hearing required by the Act relative to the formation of the District and Improvement Area No. 1 and the Future Annexation Area therein, the proposed levy of a special tax within Improvement Area No. 1 of the District to finance certain public improvements described in the Resolution of Formation (as defined below) (the “Improvements”) and to secure the payment of any bonded indebtedness of the District up to \$24,500,000 of bonded indebtedness for Improvement Area No. 1 and up to \$9,400,000 for the District excluding Improvement Area No. 1 on behalf of Future Improvement Areas; and

**WHEREAS**, at the public hearing, all persons desiring to be heard on all matters pertaining to the formation of the District, Improvement Area No. 1 and the Future Annexation Area therein, the proposed levy of a special tax within Improvement Area No. 1 to finance the Improvements and the payment of a special tax lien for Improvement Area No. 1 and the proposed issuance of bonded indebtedness for the District and Improvement Area No. 1 of the District were heard and a full and fair hearing was held; and

**WHEREAS**, on August 14, 2023, following the close of the public hearing, the Board of Directors adopted a resolution establishing the District, Improvement Area No. 1 and the Future Annexation Area therein (the “Resolution of Formation”) and a resolution determining the necessity to incur bonded indebtedness of the District and Improvement Area No. 1 (the “Resolution to Incur Bonded Indebtedness”) each of which called for a consolidated special

election on August 14, 2023 within Improvement Area No. 1 on three propositions relating to the levying of a special tax within Improvement Area No. 1, the incurring of bonded indebtedness for the District and Improvement Area No. 1 and the establishment of an appropriations limit for the District; and

**WHEREAS**, on August 14, 2023, a special election was held within Improvement Area No. 1 of the District at which the qualified electors approved by more than a two-thirds vote Propositions A, B and C for Improvement Area No. 1 authorizing the levy of a special tax within Improvement Area No. 1 for the purposes described in the Resolution of Formation and the issuance of bonded indebtedness for the District and Improvement Area No. 1 as described in the Resolution to Incur Bonded Indebtedness and the appropriations limit for the District.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE ROOT CREEK WATER DISTRICT ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE ROOT CREEK WATER DISTRICT, ORDAINS AS FOLLOWS:**

1. The above recitals are all true and correct.
2. By the passage of this Ordinance, the Board of Directors authorizes the levy of a special tax within Improvement Area No. 1 of the District and on any parcels in the Future Annexation Area that are annexed into Improvement Area No. 1 or a Future Improvement Area pursuant to the Act. With respect to Improvement Area No. 1, the Board of Directors shall levy the special taxes at the maximum rates and in accordance with the rate and method of apportionment for Improvement Area No. 1 set forth in Attachment “B” to the Resolution of Formation, which rate and method of apportionment is incorporated by reference herein (the “Improvement Area No. 1 Rate and Method”).
3. As property in the Future Annexation Area is ready for development, the owners of some or all of the parcels of such Future Annexation Area may, from time to time, annex their property to CFD No. 2023-1 by the execution and delivery of a unanimous approval to annex such parcels to CFD No. 2023-1 (a “Unanimous Approval”). Such Unanimous Approval shall indicate whether the property to be annexed shall be annexed to (i) Improvement Area No. 1, (ii) another improvement area in CFD No. 2023-1 that is in existence at such time, or (iii) a new improvement area. Once annexed, the parcels annexed shall be subject to the levy of special taxes pursuant to the rate and method of apportionment of special tax applicable to the improvement area in which the property was annexed. With respect to Future Improvement Areas designated by a Unanimous Approval, the Board of Directors shall levy the special taxes at the rate and in accordance with the formula approved by the applicable Unanimous Approval in the Future Improvement Areas in the manner required by the Act (each, a “Future Rate and Method”; together with the Improvement Area No. 1 Rate and Method, the “Rate and Methods”). For the avoidance of doubt, this Ordinance shall authorize the levy of special taxes upon the annexation of property to the District into Improvement Area No. 1 or into a Future Improvement Area, and shall not require an amendment of this Ordinance or the adoption of a new Ordinance.
4. The special taxes are hereby levied commencing in fiscal year 2024-25 and in each fiscal year thereafter for the period provided in applicable Rate and Methods, as contemplated by the Resolution of Formation.

5. The Board of Directors is hereby further authorized to determine in each subsequent fiscal year, by ordinance, or by resolution if permitted by then applicable law, on or before August 10 of each year, or such later date as is permitted by law, the specific special tax rate and amount to be levied on each parcel of land in Improvement Area No. 1 and each Future Improvement Area of the District pursuant to the applicable Rate and Methods. The special tax rates to be levied pursuant to the Rate and Methods shall not exceed the applicable maximum rates set forth therein, but the special taxes may be levied at a lower rate unless otherwise required by the applicable Rate and Methods or the acquisition agreement to be entered into with the developer of the project (the "Acquisition Agreement").

6. Properties or entities of the state, federal or other local governments shall be exempt from the special taxes, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act and the Rate and Methods. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the Resolution of Formation, or in a resolution of consideration to levy a new special tax or special taxes or to alter the Rate or Methods of an existing special tax for Improvement Area No. 1 or any Future Improvement Area as provided in Section 53334 of the Act.

7. All of the collections of the special taxes pursuant to the Rate and Methods shall be used as provided for in the Act and the Resolution of Formation, including, but not limited to, the payment of principal and interest on bonds and other debt (as defined in the Act) issued by the Water District for Improvement Area No. 1 or a Future Improvement Area (the "Bonds"), the replenishment of the reserve fund for the Bonds, the payment of the costs of the Improvements, the payment of the costs of the Water District in administering CFD No. 2023-1, and the costs of collecting and administering the special tax. The special taxes shall be levied within Improvement Area No. 1 and the Future Improvement Areas of the District only so long as needed for the purposes described in the Resolution of Formation and the Acquisition Agreement.

8. The special taxes levied pursuant to the Rate and Methods shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes (which such procedures include the exercise of all rights and remedies permitted by law to make corrections, including, but not limited to, the issuance of amended or supplemental tax bills), as such procedure may be modified by law or by this Board of Directors from time to time.

9. As a cumulative remedy, if any amount levied as a special tax for payment of the interest or principal of any bonded indebtedness of the District, together with any penalties and other charges accruing under this Ordinance, are not paid when due, the Board of Directors may, not later than four (4) years after the due date of the last installment of principal on the Bonds for the District, order that the same be collected by an action brought in the superior court to foreclose the lien of such special tax on the delinquent property.

10. The President of the Board of Directors (the "President") shall sign this Ordinance and the Secretary of the Board of Directors (the "Secretary") shall attest to the President's signature and then cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published and circulated in the Water District.

11. This Ordinance shall take effect thirty (30) days following its final passage, and the specific authorization for adoption is pursuant to the provisions of Section 53340 of the Act.

12. The Secretary is hereby authorized to transmit a certified copy of this Ordinance to the Madera County Assessor and Treasurer-Tax Collector, and to perform all other acts which are required by the Act, this Ordinance or by law in order to accomplish the purpose of this Ordinance.

Dated: August 14, 2023

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Nick Bruno, President

I hereby certify that the foregoing is a full, true and correct copy of the Ordinance adopted by the Board of Directors of the Root Creek Water District at its meeting held on August 14, 2023.

ATTEST:

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Julia Stornetta, Board Secretary