

**ORDINANCE NO. 697
(AS AMENDED THROUGH 697.1)
AN ORDINANCE OF THE COUNTY OF RIVERSIDE
AMENDING ORDINANCE NO. 697 AUTHORIZING THE LEVY OF A
SPECIAL TAX WITHIN COMMUNITY FACILITIES DISTRICT NO. 89-5
(RANCON BUSINESS CENTER) OF THE COUNTY OF RIVERSIDE**

WHEREAS, the Board of Supervisors of the County of Riverside, California, acting as the legislative body of Community Facilities District No. 89-5 (Rancon Business Center) of the County of Riverside (the "District"), on September 4, 1990, adopted Resolution No. 90-488 (the "Resolution of Formation"), establishing the district pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act"), being chapter 2.5 of Division 2 of Title 5 of the Government Code of the State of California; and

WHEREAS, following receipt of a petition from certain property owners within the District (the "Board") adopted Resolution No. 93-225 which called a special election for July 27, 1993 to authorize a reduction in the facilities to be financed by the District and the amount of bonded indebtedness to be incurred by the District previously authorized in the Resolution of Formation, which changes were approved by the qualified electors within the District on July 27, 1993; and

WHEREAS, the owner (the "Owner") of not less than 25 percent of the territory within the District has filed a written petition with the District requesting that (i) the rate and method of apportionment of the special tax, currently described in Ordinance No. 697 adopted by the Board on October 24, 1990 and approved by the qualified electors within the district at a special election held on October 2, 1990 pursuant to the Act be replaced with the rate and method attached as Exhibit A to Resolution No. 97-157 adopted by the board on June 10, 1997 (the "Resolution of Consideration"); (ii) "1991 Bonds") and to finance the additional facilities described in Exhibit B to the Resolution of Consideration, and (iii) the District be authorized to finance the additional facilities described in Exhibit B to the Resolution of Consideration (collectively, the "Amendments"); and

WHEREAS, the boundaries of the District are as depicted on the map recorded with the County Recorder in the book of maps of assessment and community facilities districts at Book 30, Page 43 as Instrument No. 301569 (the "Map"); and

WHEREAS, the Board has previously adopted the Resolution of consideration expressing its intention to consider the proposed Amendments and has conducted a public hearing as required by Section 53338 of the Act after mailing and publishing a public notice as required by Section 53335 of the Act; and

WHEREAS, the proposed Amendments were not precluded by a majority protest pursuant to Section 53337 of the Act, and

WHEREAS, the proposed Amendments were approved by more than two-thirds of the qualified electors of the District at an election held on October 21, 1997; and

WHEREAS, the Board has previously adopted Resolution No. 97-303 on November 4, 1997 (the "Resolution of Change") certifying the results of the October 21, 1997 election and ordering the Amendments to take effect; and

WHEREAS, the Board now desires to amend Ordinance No. 697 to authorize the levy of the special tax pursuant to the amended rate and method of apportionment approved as part of the Amendments, provided that the preconditions to such levy referred to herein have been satisfied;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 89-5 (RANCON BUSINESS CENTER) OF THE COUNTY OF RIVERSIDE DOES ORDAIN AS FOLLOWS:

SECTION 1. The above recitals are all true and correct.

SECTION 2. By the passage of this Ordinance, the Board of Supervisors amends Ordinance No. 697 adopted on October 24, 1990 to authorize the levy of a special tax at the maximum rate and in accordance with the rate and method of apportionment set forth in Exhibit "A" attached hereto in the event that refunding bonds are issued to refund the District's outstanding Series 1991 Special Tax Bonds (the "1991 Bonds").

SECTION 3. In the event that the 1991 Bonds are refunded and the special tax is to be levied pursuant to the rate and method contained in Exhibit A hereto, the Board of Supervisors is hereby further authorized to determine, by ordinance, or by resolution if permitted by then applicable law, the specific special tax to be levied for on each parcel of land in the District pursuant to the rate and method contained in Exhibit A for each fiscal year subsequent to the first year in which the refunding bonds are issued. The special tax to be levied shall not exceed the maximum rates set forth in Exhibit A, but the special tax may be levied at a lower rate.

SECTION 4. Properties or entities of the state, federal or other local governments shall be exempt from the above-referenced and approved special tax only to the extent set forth in Section E of Exhibit A hereto and otherwise shall be subject to tax consistent with the provisions of Section 53317.3 of the Act in effect as of the date of adoption of this Ordinance.

SECTION 5. All of the collections of the special tax authorized to be levied hereunder shall be used only as provided for in the Act and the Resolution of change. The special tax shall be levied only so long as needed to accomplish the purposes described in the Resolution of Change.

SECTION 6. The special tax authorized to be levied hereunder shall be collected in the same manner as ordinary ad valorem taxes are collected, or may be collected in such other manner as set forth in Section G of Exhibit A hereto, and shall be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes, as such collection procedure may be modified by law or this Board from time to time.

SECTION 7. As a cumulative remedy, if debt is outstanding, the Board of Supervisors may, not later than four years after the due date of the last installment of principal thereof, order that any delinquent special tax as levied in whole or in part for payment of the debt, together with any penalties, interest and costs accruing under this Ordinance, be collected by an action brought in the superior court to foreclose the lien of such special tax.

SECTION 8. This Ordinance relating to the levy of the special tax shall take effect immediately upon its final passage in accordance with the provisions of Section 25123(c) of the Government code, and this specific authorization for adoption is pursuant to the provisions of Section 53340 of the Government Code.

SECTION 9. The Chairman of the Board shall sign this Ordinance and the Clerk of the Board of Supervisors shall attest to the Chairman's signature and then cause the same to be published within fifteen (15) days after its passage at least once in the Press-Enterprise, a newspaper of general circulation published and circulated in the County.

PASSED, APPROVED and ADOPTED this 4th day of November, 1997.

Adopted: 697 Item 3.6 of 10/16/1990 (Eff: 11/15/1990)
697.1 Item 3.1 of 11/18/1997 (Eff: 11/18/1997)

EXHIBIT A

AMENDED & RESTATED
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR COMMUNITY FACILITIES DISTRICT NO. 89-5
(RANCON BUSINESS CENTER) OF THE COUNTY OF RIVERSIDE

A special tax (the "Special Tax") shall be applicable to each Parcel (defined below) of Taxable Property (defined below) located within the boundaries of Community Facilities District No. 89-5 (Rancon Business Center) of the County of Riverside (herein "CFD No. 89-5"). The amount of Special Tax to be collected in any Fiscal Year (defined below) from a Parcel shall be determined by the Board of Supervisors of the County of Riverside, acting in its capacity as the legislative body of CFD No. 89-5 (the "Board"), by applying the appropriate tax rate as set forth in Sections B and C below for Developed Property, Prepaid Property, or Undeveloped Property, each as defined below. All of the property in CFD No. 89-5, unless exempted by law or by the provisions of Section E below, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. Definitions.

The terms hereinafter set forth have the following meanings:

"Additional Unpaid Gross Usable Square Footage" means the amount of Gross Usable Square Footage of a Parcel of Prepaid Property, in excess of the Prepaid Gross Usable Square Footage, for which a building permit(s) is issued after the date of prepayment.

"Assigned Special Tax Rate" means the applicable Assigned Special Tax Rate per Parcel for each Land Use Class as determined by reference to Tables 1, 2, and 3 in Section C.

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

"Base Maximum Special Tax for Zone B" means in Fiscal Year 1997-98, the amount of \$10,206 per Net Acre.

"Board" means the Board of Supervisors of the County of Riverside acting as the legislative body of CFD No. 89-5.

"Bond Indenture" means the Bond Indenture relating to the Bonds, as modified, amended, and/or supplemented from time to time and any agreement replacing or supplementing the same.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the California Government Code), whether in one or more series, issued by CFD No. 89-5 under the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et. seq. of the California Government Code).

“Certificate of Occupancy” means a certificate of occupancy issued by the public entity having jurisdiction to issue said certificate. In the event the public entity having authorization to issue said certificate ceases issuing certificates of occupancy, finalization of the building permit for the initial construction of the structure shall be used.

“County” means the County of Riverside, California.

“County Executive Officer” means the County Executive Officer of the County of Riverside or his or her designee.

“Developed Property” means all Parcels of Taxable Property, other than Prepaid Property, for which a Certificate of Occupancy has been issued as of January 1 of the preceding Fiscal Year and after January 1, 1990.

“Exempt Property” means any Parcel or portion of a Parcel which is exempt from Special Taxes pursuant to Section E below.

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

“Gross Usable Square Footage” means the total usable square footage for the primary and secondary uses of a building as shown on the building permit issued by the public entity having jurisdiction to issue said permit.

“Industrial/Warehouse Property” means a Parcel of Developed Property or Prepaid Property for which a building permit(s) was issued for construction of a non-residential structure(s) which is primarily used for: manufacturing, processing, fabricating, assembly, refining, repairing, packaging, or treatment of goods, material, or produce; research and development; and/or warehousing and wholesale distribution of goods, material, or produce.

“Land Use Class” means any of the classes listed in Table 1 or Table 2 in Section C.

“Maximum Special Tax” means the highest special tax that can be levied on a Parcel in any Fiscal Year in accordance with Section C.

“Net Acre” or “Net Acreage” means an acre of property, exclusive of Exempt Property. The Net Acreage of a Parcel will be determined from the Assessor’s

Parcel Map, recorded final subdivision map, parcel map, or functionally equivalent map or instrument for said Parcel.

“Net Square Feet” means the product derived by multiplying the number of Net Acres of a Parcel by 43,560.

“Office Property” means a Parcel of Developed Property or Prepaid Property for which a building permit(s) was issued for construction of a non-residential structure(s) in which professional, clerical, or medical activities are conducted.

“Other Developed Property” means all Parcels of Developed Property excluding Industrial/Warehouse Property, Office Property, and Retail Property.

“Other Prepaid Property” means all Parcels of Prepaid Property excluding Industrial/Warehouse Property, Office Property, and Retail Property.

“Parcel” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number as of the January 1 preceding each Fiscal Year.

“Prepaid Gross Usable Square Footage” means the Gross Usable Square Footage for which Special Taxes have been prepaid pursuant to the provisions of Sections H and I. The number of Gross Usable Square Feet for a Prepaid Parcel is determined in accordance with Table 4 in Section I.

“Prepaid Property” means all Parcels in Zone A for which Special Taxes have been prepaid pursuant to the provisions of Section H.

“Retail Property” means a Parcel of Developed Property, or Prepaid Property for which a building permit(s) was issued for construction of a non-residential structure(s) in which general merchandise, hard goods, and other items are sold directly to consumers, or in which services other than professional, clerical, or medical are provided directly to consumers.

“Special Tax Requirement” means that amount of money required to be collected in any Fiscal Year to: (1) pay the amounts determined by the County Executive Officer, for estimated debt service on Bonds outstanding during said Fiscal Year, plus (2) pay all costs incurred by CFD No. 89-5 in the levy and collection of the Special Tax and the administration of CFD No. 89-5, plus (3) pay letter of credit, bond insurance, or any other type of credit enhancement for any Bonds, plus (4) pay costs associated with the marketing, remarketing, and/or conversion of Bonds from one mode to another, plus (5) pay any amounts needed to establish or replenish any reserve fund(s) established with respect to the bonds, and less (6) any amounts then on deposit with the fiscal agent under the Bond Indenture which the County Executive Officer determines are available to pay items (1) through (5) above.

“**Taxable Property**” means all of the Parcels within CFD No. 89-5 which are not Exempt Property.

“**Undeveloped Property**” means all Parcels of Taxable Property not classified as Developed Property or Prepaid Property as of January 1 of the preceding Fiscal Year.

“**Zone A**” means all Parcels included in the area defined as Zone A on the map attached hereto as Exhibit A.

“**Zone B**” means all Parcels included in the area defined as Zone B on the map attached hereto as Exhibit A.

B. Assignment to Zone and Land Use Class

On or about July 1 of each year, all Parcels of Taxable Property within CFD No. 89-5 shall be categorized either as Developed Property, Undeveloped Property, or Prepaid Property, and shall be subject to the Special Tax in accordance with the rate and method of apportionment, according to their zone as set forth in Sections C and D below.

1. Developed Property

Developed Property shall be assigned to one of the four (4) Land Use Classes shown on Table 1; assignment to a Land Use Class shall be based upon the primary use for the building(s) constructed or to be constructed on the Parcel as shown on the building permit. Retail Property shall be assigned to Land Use Class 1, Office Property shall be assigned to Land Use Class 2, Industrial/Warehouse Property shall be assigned to Land Use Class 3, and Other Developed Property shall be assigned to Land Use Class 4.

In cases where a Parcel contains multiple buildings for which the building permit identifies different uses, the Special Taxes shall be calculated based on the appropriate rate for each tax Land Use Class represented. The land area applicable to each of the multiple classes shall be computed from the Net Acreage of that Parcel, with the Net Acreage for such Parcel allocated among the multiple Land Use classes located on such Parcel based on the Gross Usable Square Footage of each building.

2. Prepaid Property

Prepaid Property shall be assigned to one of the four (4) Land Use Classes shown in Table 2; assignment to a Land Use Class shall be based upon the primary use for the building(s), as shown on the building permit from which the

Additional Unpaid Gross Square Footage constructed or to be constructed on the Parcel is calculated. Retail Property shall be assigned to Land Use class 1A, Office Property shall be assigned to Land Use Class 2A, Industrial/Warehouse Property shall be assigned to Land Use Class 3A, and Other Pre-Developed Property shall be assigned to Land Use Class 4A.

In cases where a Parcel contains multiple buildings encompassing the Additional Unpaid Gross Square Footage, the Special Taxes shall be calculated based on the appropriate rate for each Land Use Class represented. The land area applicable to each of the multiple classes shall be computed from the Net Acreage of that Parcel, with the Net Acreage for such Parcel allocated among the multiple Land Use Classes located on such Parcel based on the Additional Unpaid Gross Square Footage of each building.

a. Parcel Mergers

In the event a Parcel or portion of a Parcel of Developed Property or Undeveloped Property is merged to, or combined with, a Parcel of Prepaid Property, the Developed Property or Undeveloped Property shall be assigned to a Land Use Class and be subject to the payment of special taxes without regard to the merger. That is, no Parcel of Developed Property or Undeveloped Property shall become Prepaid Property as a result of merger to, or combination with, a Parcel of Prepaid Property. The Prepaid Gross Usable Square Footage associated with a Parcel of Prepaid Property will not change as a result of merger to, or combination with, a Parcel of Developed Property or Undeveloped Property.

C. Maximum Special Tax

1. Developed Property

a. Maximum Special Tax - Zone A

The Maximum Special Tax for a Parcel of Developed Property in Zone A shall be the greater of the amount derived by multiplying the Gross Usable Square Footage of the building(s) on such Parcel by the per Gross Usable Square Foot building rate for the applicable Land Use Class as shown in Table 1 or the amount derived by multiplying the Net Square Footage of such Parcel by the per Net Square Foot rate for the applicable Land Use Class as shown in Table 1.

TABLE 1		
Fiscal Year 1997-98 Assigned Special Taxes on Developed Property		
Land Use Class	Description	Per Gross Usable Sq. Ft. of Building/ Per Net Square Footage of Parcel
1	Retail Property	\$0.4897 per Gross Usable Sq. Ft. Building or \$0.1469 per Net Square Footage of Parcel, whichever is greater
2	Office Property	\$0.3885 per Gross Usable Sq. Ft. Building or \$0.1360 per Net Square Footage of Parcel, whichever is greater
3	Industrial/ Warehouse Property	\$0.3035 per Gross Usable Sq. Ft. Building or \$0.1213 per Net Square Footage of Parcel, whichever is greater
4	Other Developed Property	\$0.3035 per Gross Usable Sq. Ft. Building or \$0.1213 per Net Square Footage of Parcel, whichever is greater

b. Maximum Special Tax - Zone B

The Maximum Special Tax for a Parcel of Developed Property in Zone B shall be the greater of the amount derived by multiplying the Gross Usable Square Footage of the building(s) on such Parcel by the per Gross Useable Square Foot building rate for the applicable Land Use Class as shown in Table 1 or the amount derived by multiplying the Net Acreage of such Parcel by the Base Maximum Special Tax for Zone B.

c. Increase in Maximum Special Tax

For each Fiscal Year following Fiscal Year 1997-98, the tax rates stated in Table 1 for each Land Use Class, and the Base Maximum Special Tax for Zone B shall be increased by an amount equal to 2.00% of the amount in

effect for the prior Fiscal Year.

2. Undeveloped Property

a. Zone A

The Maximum Special Tax rate in Fiscal Year 1997-98 for Undeveloped Property in Zone A shall be \$2,465.00 per Net Acre. For each Fiscal Year following Fiscal Year 1997-98, the tax rate for Undeveloped Property in Zone A shall be increased by an amount equal to 2.00% of the amount in effect for the prior Fiscal Year.

b. Zone B

The Maximum Special Tax rate in Fiscal Year 1997-98 for Undeveloped Property in Zone B shall be \$10,206.00 per Net Acre. For each Fiscal Year following Fiscal Year 1997-98, the tax rate for Undeveloped Property in Zone B shall be increased by an amount equal to 2.00% of the amount in effect for the prior Fiscal Year.

3. Prepaid Property

a. Maximum Special Tax

The Maximum Special Tax for a Parcel of Prepaid Property shall be the amount derived by multiplying the Additional Gross Usable Square Footage for such Parcel by the per Gross Useable Square Foot building rate for the applicable Land Use Class as shown in Table 2.

TABLE 2 Fiscal Year 1997-98 Maximum Special Taxes on Prepaid Property		
Land Use Class	Description	Per Additional Unpaid Gross Usable Square Foot
1A	Retail Property	\$0.4897 per Additional Gross Usable Square Foot
2A	Office Property	\$0.3885 per Additional Gross Usable Square Foot
3A	Industrial/Warehouse Property	\$0.3035 per Additional Gross Usable Square Foot
4A	Other Developed Property	\$.3035 per Additional Gross Usable Square Foot

c. Increase in Maximum Special Tax

For each Fiscal Year following Fiscal Year 1997-98, the tax rates stated in Table 2 for each Land Use Class shall be increased by an amount equal to 2.00% of the amount in effect for the prior Fiscal Year.

D. Method of Apportionment of the Special Tax To Developed Property, Undeveloped Property, and Prepaid Property

Starting in Fiscal Year 1997-98 and for each subsequent Fiscal Year, the Board shall determine the Special Tax Requirement. The Board shall levy the Special Tax as follows until the amount of the levy equals the amount of the Special Tax Requirement:

First: The Special Tax shall be levied proportionately on each Parcel of Developed Property and Prepaid Property, up to 100% of the Assigned Special Tax for each Land Use Class of Developed Property in Zone A and Zone B and each Land Use Class of Prepaid Property for such Fiscal Year determined by reference to Tables 1 and Table 2;

Second: If additional monies are needed after the first step has been completed, the Special Tax shall be levied proportionately on each Parcel of Undeveloped Property in Zone A, up to 100% of the Maximum Special Tax, as determined by Section C(2)(a); and

Third: If additional monies are needed after the first two steps have been completed, the Special Tax shall be levied proportionately on each Parcel of Undeveloped Property in Zone B, up to 100% of the Maximum Special Tax, as determined by Section C(2)(b); and

Fourth: If additional moneys are needed after the first three steps have been completed, the Special Tax shall be levied proportionately on each Parcel of Developed Property in Zone B for which the Maximum Special Tax is determined by the application of the Base Maximum Special Tax for Zone B, up to 100% of the Base Maximum Special Tax for Zone B, until the total levy for such Parcel is equal to the Base Maximum Special Tax for such Parcel.

E. Exemptions

The Board shall not levy a Special Tax on:

Property designated for the following uses:

Murrieta Creek Flood Control Right-of-Way (21.22 acres), Warm Springs Creek Flood Control Right-of-Way (7.83 acres), Warm Springs Habitat Easement (0.99 acres), native grassland open space (88.58 acres), a water well to be owned and operated by the Rancho California Water District (0.5 acre), a fire station for the Murrieta Creek Fire Department (0.5 acre), and public street right-of-way (56.87 acres).

Parcels 1, 2,3, and 4, inclusive, as shown on Parcel Map 24991, on file in Parcel Map Book 165, pages 96-103, inclusive (approximately 98 acres), so long as such property is owned by a public agency.

Publicly owned land conveyed or irrevocably offered for dedication after September 4, 1990 (the date Resolution No. 90-489, establishing CFD No. 89-5 was adopted by the Board) and not otherwise exempt pursuant to this Section E, shall be subject to a Special Tax pursuant to Section 53317.3 or 53317.5 of the Government Code.

F. Review/Appeal Board.

Disputes regarding the levy of special taxes by CFD No. 89-5, shall be resolved by the CFD Special Tax Review Board of the County of Riverside, or its designated successor.

G. Manner of Collection.

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that prepayments are permitted as set forth in Section H below and provided further that CFD No. 89-5 may directly bill all or a portion of the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Parcels as permitted by the Act.

H. Prepayment of Special Tax

The following definitions apply to this Section H:

“Estimated Maximum Special Taxes for Zone A of CFD No. 89-5” means the amount derived from applying the appropriate Maximum Special Tax Rates per Table 1, to all Taxable Parcels within Zone A of CFD No. 89-5, based on the development assumptions used in the latest absorption study for CFD No. 89-5 for full development, as approved by the County Executive Officer.

“Estimated Maximum Special Taxes for Zone B of CFD No. 89-5” means, for FY 1997-98, the amount of \$356,149.00. Commencing July 1, 1998, this amount shall be increased by 2% per year thereafter.

“Outstanding Bonds” means all Bonds which remain outstanding.

Only a Parcel of Developed Property or a Parcel of Undeveloped Property for which a building permit has been issued in Zone A may be prepaid. Prepaid

Property with Additional Unpaid Gross Square Footage in Zone A may also be prepaid. The Special Tax obligation applicable to such Parcel in Zone A of CFD No. 89-5 may be prepaid, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment or if provisions for such payment of delinquencies is made concurrently with such prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide CFD No. 89-5 with written notice of intent to prepay. Within 30 days of receipt of such written notice, CFD No. 89-5 shall notify such owner of the prepayment amount of such Parcel, and the amount of Gross Usable Square Footage included in the prepayment amount. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

$$P = BR + RP + Delq + Def + Admin - RFC$$

The variables are described as follows:

P	-	Prepayment Amount
BR	-	Bond Redemption Amount
RP	-	Redemption Premium
Delq	-	Delinquent Special Tax Redemption Amount
Def	-	Defeasance
Admin-	-	Administrative Fees and Expenses
RFC	-	Reserve Fund Credit

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Compute the annual Maximum Special Tax for the Fiscal Year in which bonds will be redeemed for the Parcel based upon the appropriate Land Use Class for the Parcel to be prepaid. If a prepayment is being made with respect to a Parcel of Undeveloped Property for which a building permit has been issued, the prepayment amount shall be calculated based upon the Land Use Class to which such Parcel would be assigned as Developed Property.
2. Divide the Maximum Special Tax computed pursuant to paragraph 1 for such Parcel by the sum of the Estimated Maximum Special Taxes for Zone A for CFD No. 89-5 without any prepayments plus the Estimated Maximum Special Taxes for Zone B of CFD No. 89-5.

3. Multiply the quotient computed pursuant to paragraph 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed until the earliest redemption date for Outstanding Bonds.
6. Compute the amount needed to redeem any delinquent Special Taxes plus associated penalties and interest as of the date of prepayment ("*the Delinquent Special Tax Redemption Amount*"). Penalties and interest shall be computed in accordance with applicable law in effect at the time of prepayment.
7. Compute the amount of Special Taxes paid with respect to the Parcel during the current Fiscal Year. The Parcel shall receive a credit for any Special Taxes paid which the County Executive Officer determines will not be needed to pay the Special Tax Requirement.
8. Compute the amount the County Executive Officer reasonably expects to derive from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the redemption date for the Outstanding Bonds that the County Executive Officer expects to redeem with the prepayment.
9. Take the amount computed pursuant to paragraph 5 and subtract the amounts computed pursuant to paragraphs 7 and 8 (the "*Defeasance*").
10. Compute the administrative fees and expenses of CFD No. 89-5 as determined by the County Executive Officer, such fees and expenses including the costs of computation of the prepayment, the costs of redeeming Bonds, and the costs of any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
11. If the balance in the Reserve Fund established under the Bond Indenture exceeds the Reserve Requirement (as defined in the Bond Indenture) prior to the redemption of Outstanding Bonds related to the Prepayment, a reserve fund credit (the "*Reserve Fund Credit*") shall be calculated as the difference between the Reserve Requirement prior to the redemption

of Outstanding Bonds related to the prepayment and the Reserve Requirement after the redemption of Outstanding Bonds related to the prepayment. In all other cases, the Reserve Fund Credit shall be calculated as the difference between the Reserve Fund balance and the Reserve Requirement after the redemption of Outstanding Bonds related to the prepayment, provided that no Reserve Fund Credit shall be given if the Reserve Requirement after the redemption of Outstanding Bonds related to the Prepayment exceeds the Reserve Fund balance.

12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 9, and 10, less the amount computed pursuant to paragraph 11 (*the "Prepayment Amount"*).

From the Prepayment Amount, the amounts computed pursuant to paragraphs 3 and 4 less the amount computed pursuant to paragraph 11 shall be used to redeem Outstanding Bonds.

The Defeasance computed pursuant to paragraph 9 shall be placed in the Bond Fund (or its equivalent) established under the Bond Indenture. The penalty and interest associated with delinquent Special Taxes computed pursuant to paragraph 6 and the amount computed pursuant to paragraph 10 shall be retained by CFD No. 89-5.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the Redemption Fund (or its equivalent) established pursuant to the Bond Indenture to be used with the next prepayment of Bonds.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property within CFD No. 89-5 both prior to and after the proposed prepayment is at least 1.1 times annual debt service on all Outstanding Bonds.

Prepayments of the Special Tax may be remitted to the County Executive Officer, who may, upon request, provide a suitable notice to indicate any prepayment of special taxes. However, a Special Tax lien shall remain on the Parcel to be applied to any Additional Unpaid Gross Usable Square Footage for which a building permit may be issued on the Parcel after the date of prepayment.

I. Determination of Prepaid Gross Usable Square Footage

At the time a Prepayment Amount is calculated for a Parcel, the amount of the Gross Usable Square Footage represented by that Prepayment Amount will be

determined in accordance with Table 3 below.

TABLE 3		
Gross Usable Square Footage of a Parcel of Prepaid Property		
Land Use Class	Description	Prepaid Gross Usable Square Footage for a Parcel is the greater of:
1, 1A	Retail Property	The product of the Net Taxable Acreage of the Parcel times 13,067, or the actual Gross Usable Square Footage on the Parcel at the time of prepayment.
2, 2A	Office Property	The product of the Net Taxable Acreage of the Parcel times 15,249, or the actual Gross Usable Square Footage on the Parcel at the time of prepayment.
3, 3A	Industrial/Warehouse Property	The product of the Net Taxable Acreage of the Parcel times 17,410, or the actual Gross Usable Square Footage on the Parcel at the time of prepayment.
4, 4A	Other Developed Property	The product of the Net Taxable Acreage of the Parcel times 17,410, or the actual Gross Usable Square Footage on the Parcel at the time of prepayment.