

**CAPISTRANO UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT  
No. 98-1B  
(PACIFICA SAN JUAN)**

August 15, 2018

*Public Finance*  
*Public Private Partnerships*  
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**ADMINISTRATION REPORT  
FISCAL YEAR 2018-2019**

**CAPISTRANO UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT No. 98-1B**

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**PREPARED FOR**

**CAPISTRANO UNIFIED SCHOOL DISTRICT  
33122 Valle Road  
San Juan Capistrano, California 92675**

**PREPARED BY**

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**August 15, 2018**

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## **INTRODUCTION**

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This report provides an analysis of the financial and administrative obligations of Community Facilities District No. 98-1B ("CFD No. 98-1B") of the Capistrano Unified School District (the "School District") resulting from the sale of the \$4,830,000 Series 2018 Special Tax Bonds (the "2018 Bonds") in May 2018.

CFD No. 98-1B is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982 (the "Act"), as amended. The Act provides an alternative method for the financing of certain public capital facilities and services. Specifically, CFD No. 98-1B is authorized to issue up to \$14,000,000. The proceeds of the 2018 Bonds will be used to finance the acquisition and construction of various school district facilities. The non-school facilities to be financed by CFD No. 98-1B include certain City of San Juan Capistrano facilities necessary for the development of the project. Certain facilities may also be financed through the levy of special taxes.

The bonded indebtedness of CFD No. 98-1B is both secured and repaid through the annual levy and collection of special taxes from all property subject to the tax within the community facilities district. In calculating the special tax liability for fiscal year 2018-2019, this report not only examines the financial obligations of the current fiscal year, but also analyzes the amount of new development which has occurred within the boundaries of the community facilities district. The current outstanding principal is equal to \$4,830,000 which is the original principal amount of the 2018 Bonds. The 2018 Bonds are scheduled to be paid off in the year 2048. Additional bonds are anticipated to be issued as development progresses within CFD No. 98-1B. Pursuant to the Rate and Method of Apportionment ("RMA"), the special tax shall be levied for the period necessary to fulfill the special tax requirement, but in no event shall it be levied after fiscal year 2055-2056. The RMA is included in Exhibit C.

CFD No. 98-1B overlays portions of Community Facilities District No. 98-1A of the Capistrano Unified School District ("CFD No. 98-1A"). However, not all of CFD No. 98-1A is within CFD No. 98-1B. A map showing the property in CFD No. 98-1A and CFD No. 98-1B is included in Exhibit A.

This report is organized into the following sections:

### **Section I**

Section I provides an update of the development activity occurring within CFD No. 98-1B. All new building permit activity is identified, including cumulative figures for "Developed Property."

### **Section II**

Section II examines the financial activity in the funds and accounts established pursuant to the Bond Indenture dated May 1, 2018, between CFD No. 98-1B and U.S. Bank National Association (the "Indenture"). A year-to-date summary illustrating all disbursements, special tax receipts and interest earnings of the 2018 Bonds is provided.

### **Section III**

Section III determines the financial obligations of CFD No. 98-1B for fiscal year 2018-2019.

### **Section IV**

Section IV reviews the methodology used to apportion the special tax requirement between Developed Property and Undeveloped Property. A table of the fiscal year 2018-2019 special taxes for each classification of property is included.

## **I. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT UPDATE**

### **Special Tax Classifications**

The methodology employed to calculate and apportion the special tax is contained in a document entitled the Rate and Method of Apportionment of the Special Tax. The Rate and Method of Apportionment defines five categories of taxable property, namely “Developed Property,” “Taxable Property Owner Association Property,” “Taxable Public Property,” “Taxable Religious Property,” and “Undeveloped Property.” The category of Developed Property is in turn divided into two separate rate classifications for residential and non-residential property and then further differentiated based on six different zones.

Developed Property is distinguished from Undeveloped Property by the issuance of a building permit. Specifically, property for which a building permit was issued as of January 1 will be classified as Developed Property in the following fiscal year. For example, all property in CFD No. 98-1B for which building permits were issued prior to January 1, 2018, will be classified as Developed Property in fiscal year 2018-2019. Hence, the development research discussed below focuses on the twelve month period ending January 1, 2018.

### **Development Update**

CFD No. 98-1B encompasses approximately 65 gross acres of land located in the City of San Juan Capistrano. Of this acreage, approximately 58 acres are expected to be developed into uses subject to a Mello-Roos special tax levy. At buildout, CFD No. 98-1B is anticipated to include 318 residential units.

Background research was conducted to determine the amount and type of development activity that occurred during the previous fiscal year. Review of the City of San Juan Capistrano’s building permit records indicated that 62 building permits within CFD No. 98-1B were issued between January 1, 2017 and December 31, 2017. As of January 1, 2018, building permits for 91 residential units had been issued within CFD No. 98-1B. A total of 47.66 acres in the district are considered Undeveloped Property.

The table below lists the aggregate amount of Developed Property by special tax classification.

**Table 1**  
**Community Facilities District No. 98-1B**  
**Residential Property**

<b>Zone</b>	<b>Number of Units/Acres</b>
1	23 Units
2	36 Units
3	13 Units
4	0 Units
5	19 Units
6	0 Units

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## II. SOURCES AND APPLICATION OF FUNDS

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### Description of Funds and Accounts

The Indenture established nine funds for CFD No. 98-1B. They are the Special Tax Fund, Bond Fund, Redemption Fund, Reserve Fund, Rebate Fund, Administrative Expense Fund, Surplus Fund, Costs of Issuance Fund, and Construction Fund. Within the Bond Fund, an Interest Account, Principal Account, and Capitalized Interest Account were created. Within the Construction Fund, a School Facilities Account and a City Facilities Account were created. All funds and accounts for CFD No. 98-1B are shown in Chart 1.

All special tax receipts are deposited in the Special Tax Fund. Monies in the Special Tax Fund are allocated based on the priority set forth below (see Chart 2):

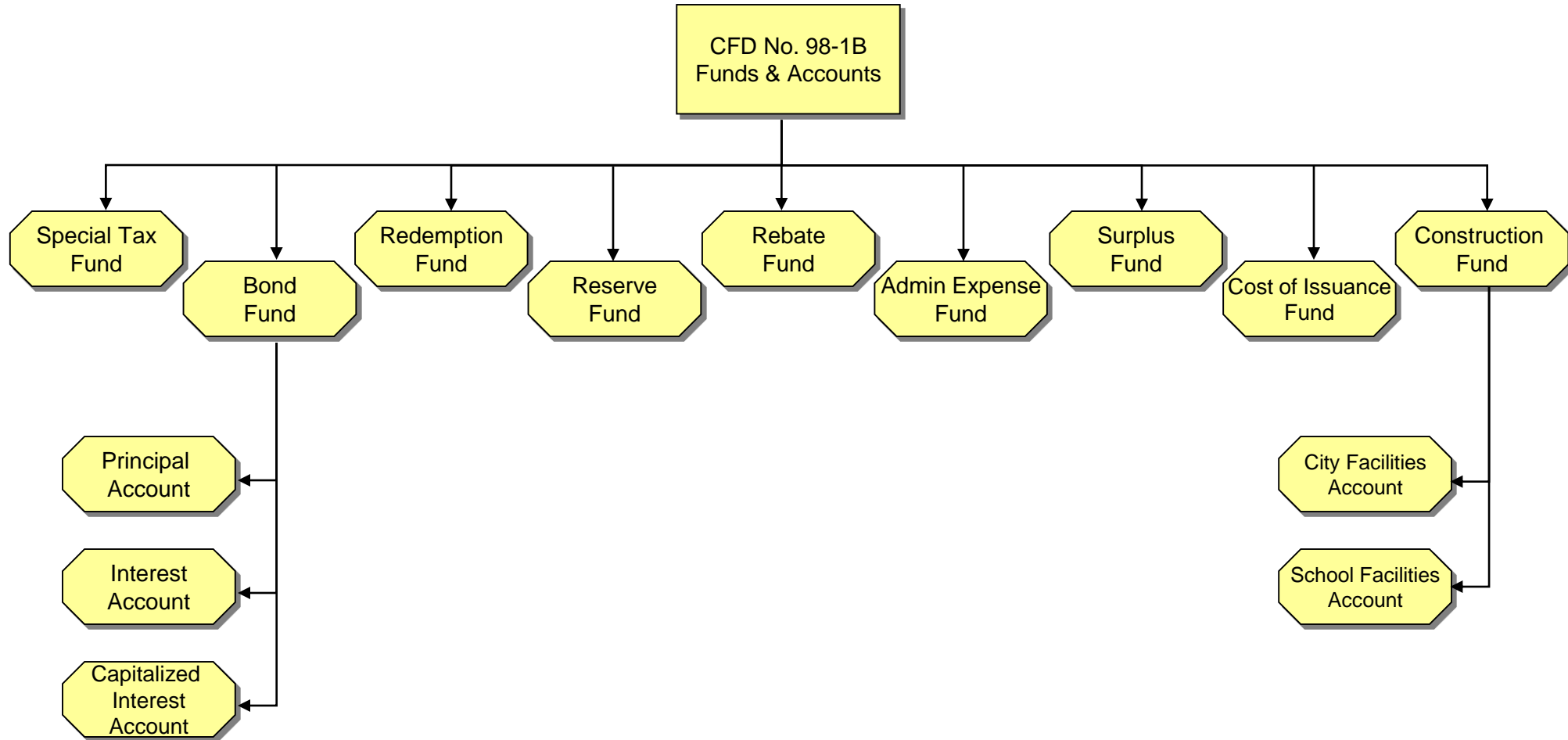
1. **Interest Account of the Bond Fund** – the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date;
2. **Principal Account of the Bond Fund** – the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to one-half of the principal, if any, due on the Bonds on such Interest Payment Date;
3. **Reserve Fund** – the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement;
4. **Administrative Expense Fund** – if upon receipt of a Written Request of the Community Facilities District for an amount greater than the Priority Amount Priority Administrative Expenses, the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses;
5. **Construction Fund** – all money remaining until the School District notifies the Trustee in a Written Certificate counter-signed by the Developer that there shall no longer be any deposits to the City Facilities Account as determined by the Mitigation Agreement, to be divided between, and deposited to
  - (i) the School Facilities Account in an amount equal to 50% plus \$50.00 and to,
  - (ii) the City Facilities Account in an amount equal to 50% less \$50.00
6. **School Facilities Account/Surplus Fund** – after the Trustee receives such Written Certificate, any remaining funds shall be deposited to the School Facilities Account or the Surplus Fund at the direction of the School District

The Reserve Requirement is an amount equal to the lesser of (i) ten percent (10.00%) of the original proceeds of the 2018 Bonds, (ii) maximum annual debt service on the 2018 Bonds, or (iii) one hundred twenty-five percent (125.00%) of the average annual debt service on the outstanding 2018 Bonds. The initial Reserve Requirement is equal to \$351,995.

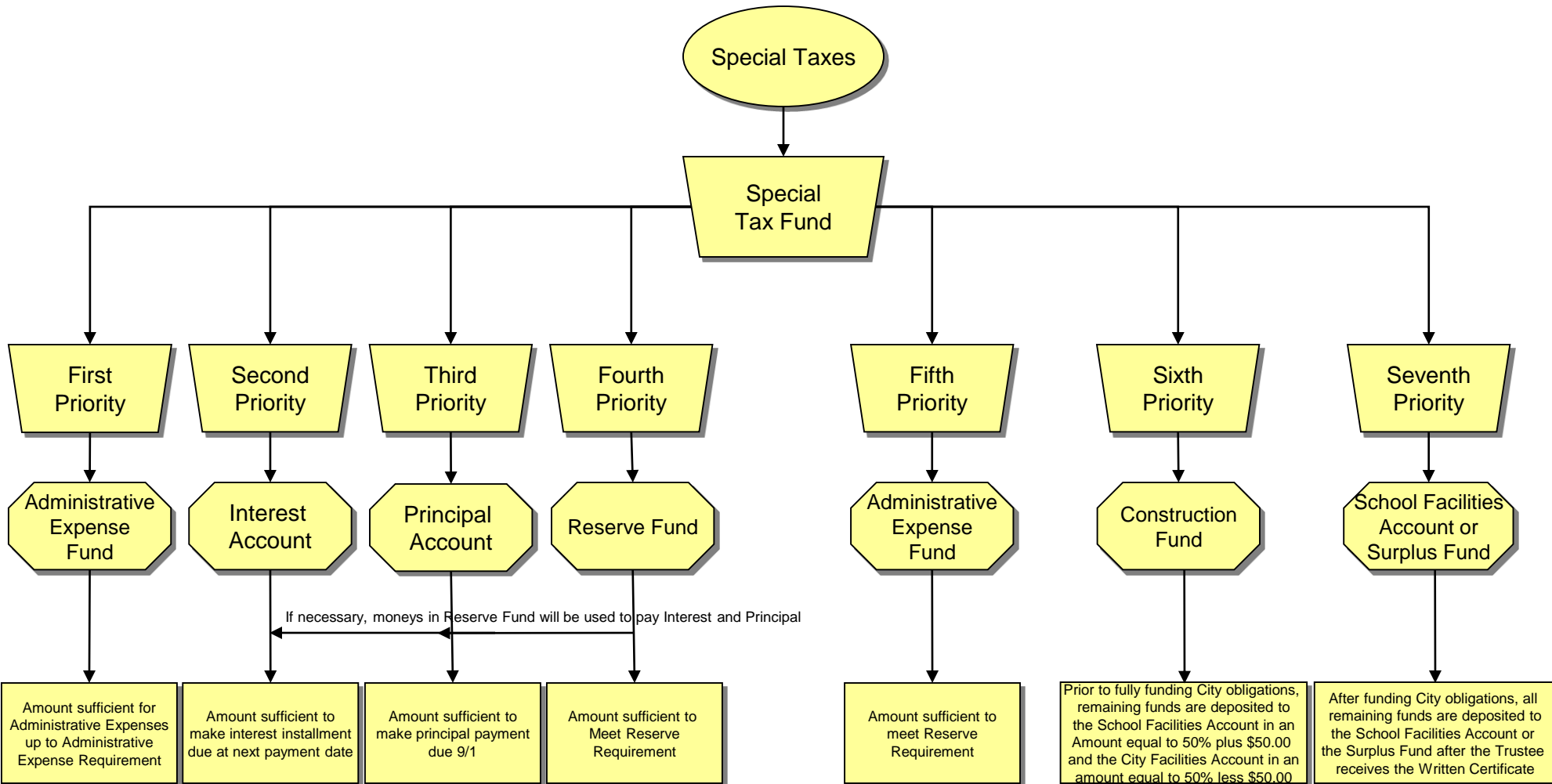
Monies held in any of the aforementioned funds and accounts can be invested by the trustee at the direction of the School District and in conformance with the limitations set forth in the Indenture. Investment interest earnings, if any, will generally be credited to the fund or account for which the investment was made.

The diagram on the following pages illustrates the flow of special tax revenues for CFD No. 98-1B.

**Chart 1**  
**Capistrano Unified School District**  
**Community Facilities District No. 98-1B**  
**Series 2018**  
**Funds and Accounts**



**Chart 2**  
**Capistrano Unified School District**  
**Community Facilities District No. 98-1B**  
**Series 2018**  
**Funds and Accounts Flow of Funds Diagram**





## Sources and Uses of Funds

CFD No. 98-1B Series 2018's sources of funds for fiscal year 2017-2018 totaled \$4,668,694. This consisted of \$4,668,542 in bond proceeds and \$152 in interest earnings not in investment agreements. Interest earnings are shown for each account in Table 2 below.

**Table 2**  
**Community Facilities District No. 98-1B**  
**Table of Interest Earnings**

Special Tax Fund	\$0
Bond Fund	\$0
Interest Account	\$0
Principal Account	\$0
Capitalized Interest Account	\$4
Redemption Fund	\$0
Reserve Fund	\$12
Rebate Fund	\$0
Admin Expense Account	\$0
Surplus Fund	\$0
Costs of Issuance Fund	\$5
Construction Fund	\$0
City Facilities Account	\$65
School Facilities Account	\$65

Total uses of funds for fiscal year 2017-2018 totaled \$2,224,383. Facility acquisition and construction costs totaled \$2,089,182 and expenses for professional services including costs of issuance of the Series 2018 Bonds equaled \$135,201.

A more detailed analysis of all transactions within the Series 2018 funds and accounts for the 2017-2018 fiscal year is included as Exhibit B.

## Account Balances

At the close of fiscal year 2017-2018 the various funds and accounts established for the 2018 Bonds had the following balances:

**Table 3**  
**Community Facilities District No. 98-1B**  
**Account Balances as of June 30, 2018**

Special Tax Fund	\$0
Bond Fund	\$0
Interest Account	\$0
Principal Account	\$0
Capitalized Interest Account	\$111,337
Redemption Fund	\$0
Reserve Fund	\$352,006
Rebate Fund	\$0
Admin Expense Account	\$0
Surplus Fund	\$0
Cost of Issuance Fund	\$1,554
Construction Fund	\$0
City Facilities Account	\$65
School Facilities Account	\$1,979,348

### III. FISCAL YEAR 2018-2019 SPECIAL TAX REQUIREMENT

Fiscal year 2018-2019 is the first year in which special taxes are being levied on property within CFD No. 98-1B.

Prior to the issuance of all bonds, special taxes are levied at 100% of the Assigned Special Tax. Therefore, the fiscal year 2018-2019 special tax requirement is equal to \$204,164 and is calculated as follows:

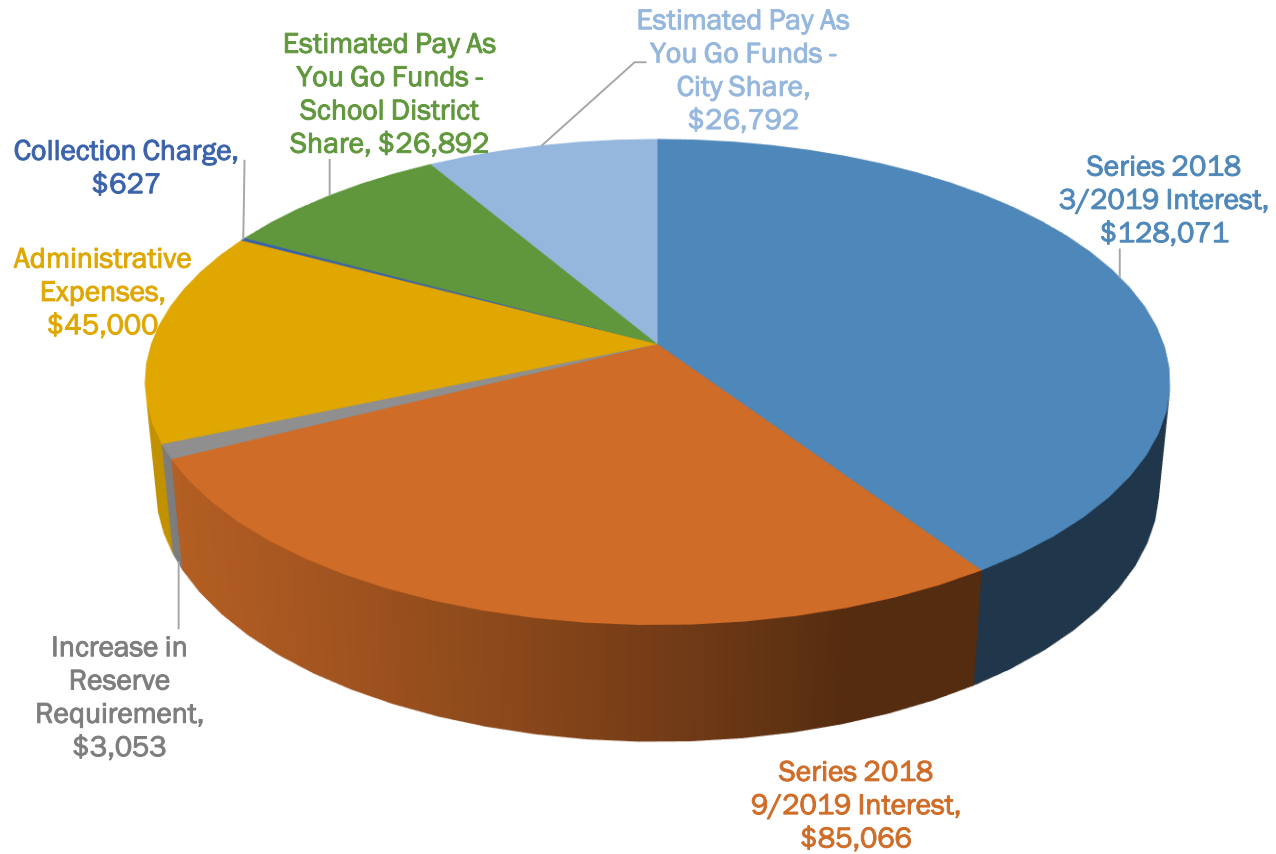
**Table 4**  
**Community Facilities District No. 98-1B**  
**Fiscal Year 2018-2019 Special Tax Requirement**

<b>FUND BALANCES AS OF 6/30/2018</b>	<b>\$111,337</b>
SPECIAL TAX FUND	\$0
INTEREST ACCOUNT	\$0
PRINCIPAL ACCOUNT	\$0
BOND FUND	\$0
CAPITALIZED INTEREST ACCOUNT	\$111,337
RESERVE FUNDS IN EXCESS OF RESERVE REQUIREMENT	\$0
<b>REMAINING FISCAL YEAR 2017-2018 OBLIGATIONS</b>	<b>(\$0)</b>
SERIES 2018 BONDS	
INTEREST DUE SEPTEMBER 1, 2018	(\$0)
PRINCIPAL DUE SEPTEMBER 1, 2018	(\$0)
<b>FISCAL YEAR 2017-2018 SURPLUS/(DRAW ON RESERVE FUND)</b>	<b>\$111,337</b>
<b>FISCAL YEAR 2018-2019 OBLIGATIONS</b>	<b>(\$315,501)</b>
SERIES 2018 BONDS	
INTEREST DUE MARCH 1, 2019	(\$128,071)
INTEREST DUE SEPTEMBER 1, 2019	(\$85,066)
PRINCIPAL DUE SEPTEMBER 1, 2019	(\$0)
INCREASE IN RESERVE REQUIREMENT (SEPTEMBER 1, 2019) [1]	(\$3,053)
ADMINISTRATIVE EXPENSES	(\$45,000)
COLLECTION CHARGE	(\$627)
ESTIMATED PAY AS YOU GO FUNDS	
SCHOOL DISTRICT SHARE	(\$26,892)
CITY SHARE	(\$26,792)
<b>FISCAL YEAR 2018-2019 SPECIAL TAX REQUIREMENT</b>	<b>\$204,164</b>

[1] The Reserve Requirement increases from \$354,960 to \$358,013 on September 1, 2019.

The components of the fiscal year 2018-2019 gross special tax requirement are shown graphically on the following page.

Capistrano Unified School District  
Community Facilities District No. 98-1B  
Fiscal Year 2018-2019 Gross Special Tax Requirement



Total Fiscal Year 2018-2019 Gross Special Tax Requirement: \$315,501

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## **IV. METHOD OF APPORTIONMENT**

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### **Maximum Special Taxes**

The amount of special taxes that CFD No. 98-1B may levy is strictly limited by the maximum special taxes set forth in the Rate and Method of Apportionment. The initial assigned special taxes for each classification of Developed Property are specified in Tables 1 and 2 of Section C of the Rate and Method of Apportionment<sup>1</sup>. These special taxes escalate by two percent each fiscal year.

### **Apportionment of Special Taxes**

The special tax that is apportioned to each parcel is determined through the application of Section D of the Rate and Method of Apportionment. Section D apportions the special tax requirement in four steps which prioritize the order in which Developed Property and Undeveloped Property are taxed.

The first step states that the special tax shall be levied against each parcel of Developed Property at up to 100 percent of the assigned special tax. If the special taxes raised pursuant to the first step are less than the special tax requirement, then the second step is applied. The second step states that the special tax shall be levied against all parcels of Undeveloped Property at up to 100 percent of the applicable maximum special tax per acre.

The third and fourth steps are designed to accommodate changes in land use and are intended to be used only as a last resort. Since actual land uses have not substantially deviated from the original projections, these steps are not necessary.

Application of the maximum special taxes under the first step generates special tax revenues of \$204,164 from Developed Property, which is sufficient to meet all obligations for CFD No. 98-1B for fiscal year 2018-2019 as outlined in Section III.

The fiscal year 2018-2019 special taxes for each classification of Developed Property are shown on Table 5 on the following page. The Special Tax Roll which lists the actual special tax levied against each parcel of Developed Property is shown in Exhibit D.

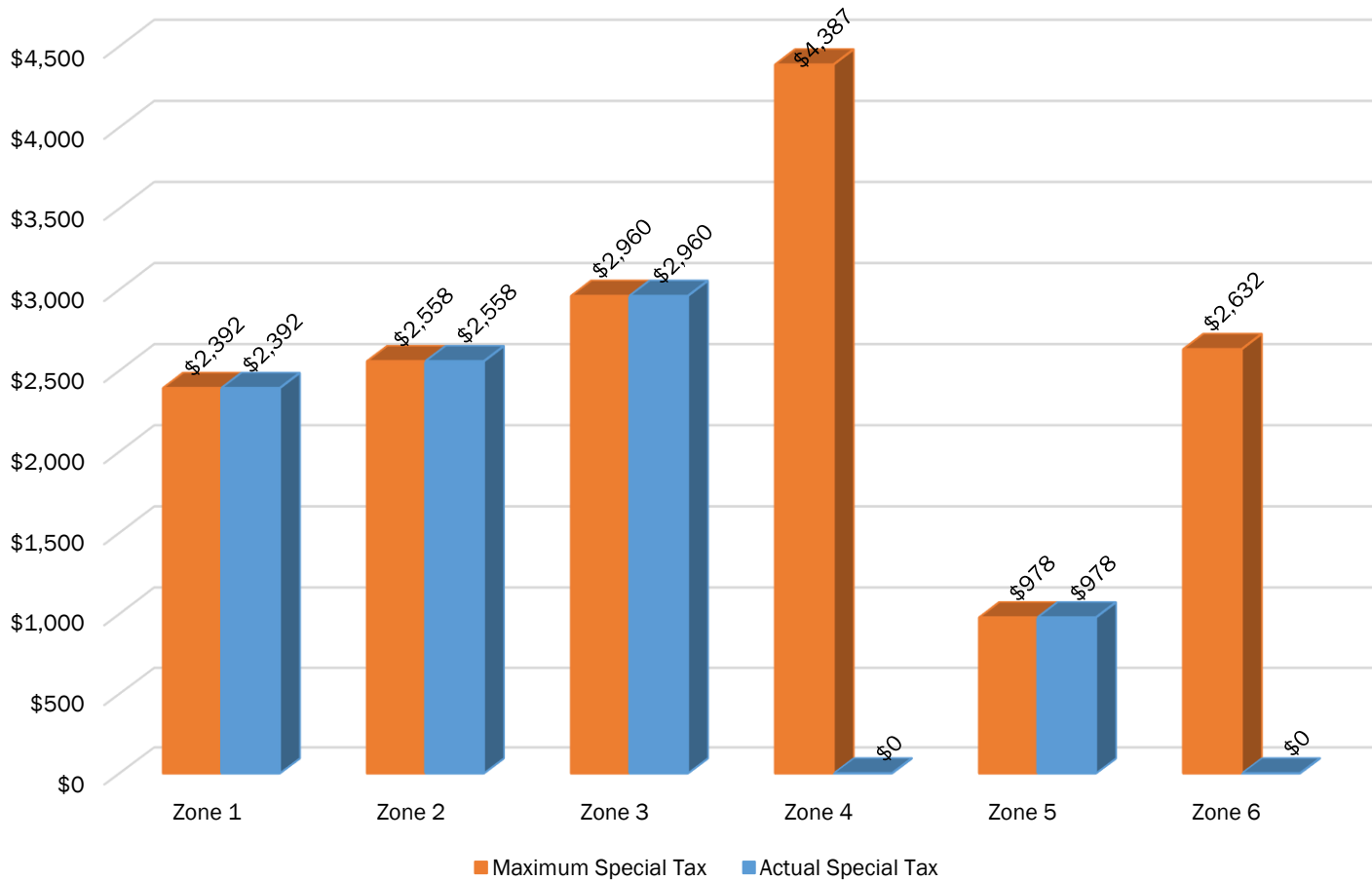
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<sup>1</sup> Technically, Section C states that the maximum special tax for a parcel of Developed Property is equal to the greater of (i) the "Backup Special Tax" or (ii) the Assigned Special Tax. In this report, all discussion of maximum tax rates for Developed Property focuses on the Assigned Special Tax.

**Table 5**  
**Community Facilities District No. 98-1B**  
**Fiscal Year 2018-2019 Special Taxes**

Zone	FY 2018-2019 Maximum Special Tax	FY 2018-2019 Actual Special Tax
1	\$2,392 per unit	\$2,392 per unit
2	\$2,558 per unit	\$2,558 per unit
3	\$2,960 per unit	\$2,960 per unit
4	\$4,387 per unit	\$0 per unit
5	\$978 per unit	\$978 per unit
6	\$2,632 per unit	\$0 per unit

Capistrano Unified School District  
Community Facilities District No. 98-1B  
Fiscal Year 2018-2019 Special Tax Levy



## **EXHIBIT A**

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**CFD No. 98-1B of the  
Capistrano Unified School District**

**Boundary Map**

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**Capistrano Unified School District  
Community Facilities District Nos. 98-1A and 98-1B  
(Pacifica San Juan)**

**Legend**

- |  |  |
|--|--|
|  Zone 1        |  Zone 4 |
|  Zone 2        |  Zone 5 |
|  Zone 3        |  Zone 6 |
|  CFD No. 98-1A |  |

Google Earth

© 2017 Google

2000 ft



## **EXHIBIT B**

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**CFD No. 98-1B of the  
Capistrano Unified School District**

**Summary of Transactions to Funds and Accounts  
Special Taxes  
Fiscal Year 2017-2018**

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**COMMUNITY FACILITIES DISTRICT NO. 98-1B  
OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT  
SERIES 2018 SPECIAL TAX BONDS  
FISCAL YEAR 2017- 2018 (THROUGH JUNE 30, 2018)**

	SPECIAL TAX FUND	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	REDEMP. ACCOUNT	RESERVE ACCOUNT	ADMIN EXPENSE FUND	CONST. FUND	SURPLUS ACCOUNT	COST OF ISSUANCE FUND	BOND PROCEEDS FUND	CAPITALIZED INTEREST ACCOUNT	SCHOOL FACILITIES ACCOUNT	CITY FACILITIES ACCOUNT	TOTAL
BEGINNING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SOURCES OF FUNDS														
BOND PROCEEDS	\$0	\$0	\$0	\$0	\$351,995	\$0	\$0	\$0	\$246,750	\$0	\$111,333	\$1,979,282	\$1,979,182	\$4,668,542
SPECIAL TAX RECEIPTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INVESTMENT AGRMNT. EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER INVESTMENT EARNINGS	\$0	\$0	\$0	\$0	\$12	\$0	\$0	\$0	\$5	\$0	\$4	\$65	\$65	\$152
MISCELLANEOUS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL SOURCES	\$0	\$0	\$0	\$0	\$352,006	\$0	\$0	\$0	\$246,755	\$0	\$111,337	\$1,979,348	\$1,979,248	\$4,668,694
USES OF FUNDS														
INTEREST PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRINCIPAL PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PUBLIC FACILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$110,000)	\$0	\$0	\$0	(\$1,979,182)	(\$2,089,182)
PROFESSIONAL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$135,201)	\$0	\$0	\$0	\$0	(\$135,201)
MISCELLANEOUS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL USES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$245,201)	\$0	\$0	\$0	(\$1,979,182)	(\$2,224,383)
TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE	\$0	\$0	\$0	\$0	\$352,006	\$0	\$0	\$0	\$1,554	\$0	\$111,337	\$1,979,348	\$65	\$2,444,310

Reserve Requirement for Series 2018 (from OS): \$351,995, and will increase in the future.

**COMMUNITY FACILITIES DISTRICT NO. 98-1B  
OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT  
SERIES 2018 SPECIAL TAX BONDS  
May 2018**

	SPECIAL TAX FUND	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	REDEMP. ACCOUNT	RESERVE ACCOUNT	ADMIN EXPENSE FUND	CONST. FUND	SURPLUS ACCOUNT	COST OF ISSUANCE FUND	BOND PROCEEDS FUND	CAPITALIZED INTEREST ACCOUNT	SCHOOL FACILITIES ACCOUNT	CITY FACILITIES ACCOUNT	TOTAL
BEGINNING BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SOURCES OF FUNDS														
BOND PROCEEDS	\$0	\$0	\$0	\$0	\$351,995	\$0	\$0	\$0	\$246,750	\$0	\$111,333	\$1,979,282	\$1,979,182	\$4,668,542
SPECIAL TAX RECEIPTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INVESTMENT AGRMNT. EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER INVESTMENT EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MISCELLANEOUS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL SOURCES	\$0	\$0	\$0	\$0	\$351,995	\$0	\$0	\$0	\$246,750	\$0	\$111,333	\$1,979,282	\$1,979,182	\$4,668,542
USES OF FUNDS														
INTEREST PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRINCIPAL PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PUBLIC FACILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROFESSIONAL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$84,532)	\$0	\$0	\$0	\$0	(\$84,532)
MISCELLANEOUS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL USES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$84,532)	\$0	\$0	\$0	\$0	(\$84,532)
TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE	\$0	\$0	\$0	\$0	\$351,995	\$0	\$0	\$0	\$162,218	\$0	\$111,333	\$1,979,282	\$1,979,182	\$4,584,010

Reserve Requirement for Series 2018 (from OS): \$351,995, and will increase in the future.

**COMMUNITY FACILITIES DISTRICT NO. 98-1B  
OF THE CAPISTRANO UNIFIED SCHOOL DISTRICT  
SERIES 2018 SPECIAL TAX BONDS  
June 2018**

	SPECIAL TAX FUND	INTEREST ACCOUNT	PRINCIPAL ACCOUNT	REDEMP. ACCOUNT	RESERVE ACCOUNT	ADMIN EXPENSE FUND	CONST. FUND	SURPLUS ACCOUNT	COST OF ISSUANCE FUND	BOND PROCEEDS FUND	CAPITALIZED INTEREST ACCOUNT	SCHOOL FACILITIES ACCOUNT	CITY FACILITIES ACCOUNT	TOTAL
BEGINNING BALANCE	\$0	\$0	\$0	\$0	\$351,995	\$0	\$0	\$0	\$162,218	\$0	\$111,333	\$1,979,282	\$1,979,182	\$4,584,010
SOURCES OF FUNDS														
BOND PROCEEDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SPECIAL TAX RECEIPTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INVESTMENT AGRMNT. EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER INVESTMENT EARNINGS	\$0	\$0	\$0	\$0	\$12	\$0	\$0	\$0	\$5	\$0	\$4	\$65	\$65	\$152
MISCELLANEOUS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL SOURCES	\$0	\$0	\$0	\$0	\$12	\$0	\$0	\$0	\$5	\$0	\$4	\$65	\$65	\$152
USES OF FUNDS														
INTEREST PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PRINCIPAL PAYMENTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PUBLIC FACILITIES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$110,000)	\$0	\$0	\$0	(\$1,979,182)	(\$2,089,182)
PROFESSIONAL SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$50,669)	\$0	\$0	\$0	\$0	(\$50,669)
MISCELLANEOUS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL USES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$160,669)	\$0	\$0	\$0	(\$1,979,182)	(\$2,139,852)
TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENDING BALANCE	\$0	\$0	\$0	\$0	\$352,006	\$0	\$0	\$0	\$1,554	\$0	\$111,337	\$1,979,348	\$65	\$2,444,310

Reserve Requirement for Series 2018 (from OS): \$351,995, and will increase in the future.

## EXHIBIT C

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CFD No. 98-1B of the  
Capistrano Unified School District

Rate and Method of Apportionment

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**RATE AND METHOD OF APPORTIONMENT FOR  
CAPISTRANO UNIFIED SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 98-1B  
(PACIFICA SAN JUAN)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Capistrano Unified School District Community Facilities District No. 98-1B ("CFD No. 98-1B") and collected each Fiscal Year commencing in Fiscal Year 2016-2017, in an amount determined by the Board through the application of the appropriate Special Tax for "Developed Property," "Taxable Property Owner Association Property," "Taxable Public Property," "Taxable Religious Property" and "Undeveloped Property" as described below. All of the real property in CFD No. 98-1B, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 98-1B: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 98-1B or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 98-1B or any designee thereof of complying with School District, CFD No. 98-1B or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 98-1B or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees, including, without limitation, expenses incurred in pursuit of State funding with respect to CFD No. 98-1B public facilities, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 98-1B for any other administrative purposes of CFD No. 98-1B, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

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

**"Assigned Special Tax"** means the Special Tax for Residential Property and Non-Residential Property, as determined in accordance with Section C below.

**"Backup Special Tax"** means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

**"Board"** means the Board of Trustees of the Capistrano Unified School District, acting as the legislative body of CFD No. 98-1B.

**"Bonds"** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 98-1B under the Act.

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

**"CFD No. 98-1B"** means Capistrano Unified School District Community Facilities District No. 98-1B (Pacifica San Juan).

**"County"** means the County of Orange.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year.

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

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

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

**"Non-Residential Property"** means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

**"Outstanding Bonds"** means all Bonds which remain outstanding.



**"Property Owner Association Property"** means any property within the boundaries of CFD No. 98-1B that is owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association.

**"Proportionately"** means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property within CFD No. 98-1B. 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 in CFD No. 98-1B. For Taxable Public Property, Taxable Property Owner Association Property and Taxable Religious 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 Taxable Public Property, Taxable Property Owner Association Property or Taxable Religious Property, as applicable.

**"Public Property"** means any property within the boundaries of CFD No. 98-1B that is used for rights-of-way or any other purpose and is owned by or dedicated to the federal government, the State of California, the County, the City of San Juan Capistrano, or any other public agency, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

**"Religious Property"** means all property within the boundaries of CFD No. 98-1B which is used primarily as a place of worship and is exempt from *ad valorem* property taxes because it is owned by a religious organization. Religious Property, without limitation, does not include any Assessor's Parcels used primarily for religious schools, day care centers, or congregate care facilities.

**"Residential Property"** means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**"School District"** means the Capistrano Unified School District.

**"Special Tax"** means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property to fund the Special Tax Requirement.

**"Special Tax Requirement"** means that amount required in any Fiscal Year for CFD No. 98-1B to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds established by the Indenture for all Outstanding Bonds; (v) pay directly for construction of facilities eligible under the Act to the extent that the inclusion of such amount does not result in a Special Tax levy on Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special

Taxes levied in the previous Fiscal Year; (vii) less 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.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 98-1B which are not exempt from the Special Tax pursuant to law or Section E below.

**"Taxable Property Owner Association Property"** means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

**"Taxable Religious Property"** means all Assessor's Parcels of Religious Property that are not exempt pursuant to Section E below.

**"Trustee"** means the trustee or fiscal agent under the Indenture.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property or Taxable Religious Property.

**"Zone"** means any one of the separate geographic areas within CFD No. 98-1B designated on the boundary map and on Exhibit A herein as: Zone 1, Zone 2, Zone 3, Zone 4, Zone 5, or Zone 6.

## **B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 98-1B shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

The Assigned Special Tax for Residential Property shall be based on the Zone in which the Assessor's Parcel is located. The Assigned Special Tax for Non-Residential Property shall be based on the Zone in which the Assessor's Parcel is located and the Acreage of the Assessor's Parcel.

## **C. MAXIMUM SPECIAL TAX RATE**

### **1. Developed Property**

#### **a. Maximum Special Tax**

The Maximum Special Tax for each Assessor's Parcel classified as

Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone.

b. Assigned Special Tax

The Assigned Special Tax for Residential Property and Non-Residential Property within each Zone for Fiscal Year 2016-2017 is shown below in Tables 1 and 2.

**TABLE 1**  
**Assigned Special Taxes for Residential Property**  
**For Fiscal Year 2016-2017**

Zone	Residential Property
1	\$2,299.53 per unit
2	\$2,458.28 per unit
3	\$2,845.48 per unit
4	\$4,217.04 per unit
5	\$939.87 per unit
6	\$2,530.10 per unit

**TABLE 2**  
**Assigned Special Taxes for Non-Residential Property**  
**For Fiscal Year 2016-2017**

Zone	Non-Residential Property
1	\$9,987 per Acre
2	\$13,027 per Acre
3	\$11,265 per Acre
4	\$10,275 per Acre
5	\$18,896 per Acre
6	\$32,308 per Acre

c. Multiple Land Use Categories

In some instances an Assessor's Parcel may contain both Undeveloped Property and Developed Property or both Residential Property and Non-Residential Property.

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the site plan. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

d. Backup Special Tax

The Backup Special Tax in CFD No. 98-1B shall equal an amount per Acre for each Zone as shown below in Table 3.

**TABLE 3**  
**Backup Special Tax**  
**For Fiscal Year 2016-2017**

<b>Zone</b>	<b>FY 2016-2017 Backup Special Tax</b>
1	\$9,987 per Acre
2	\$13,027 per Acre
3	\$11,265 per Acre
4	\$10,275 per Acre
5	\$18,896 per Acre
6	\$32,308 per Acre

e. Increase in the Assigned Special Tax and the Backup Special Tax

On each July 1, commencing on July 1, 2017, the Assigned Special and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**2. Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property and Taxable Religious Property**

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property and Taxable Religious Property within each Zone is shown below in Table 4.

**TABLE 4**  
**Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property**  
**For Fiscal Year 2016-2017**

<b>Zone</b>	<b>FY 2016-2017 Maximum Special Tax</b>
1	\$9,987 per Acre
2	\$13,027 per Acre
3	\$11,265 per Acre
4	\$10,275 per Acre
5	\$18,896 per Acre
6	\$32,308 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2017, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2016-2017 and for each following Fiscal Year, the Board shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax.

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

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of

Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property, Taxable Public Property and Taxable Religious Property at up to the Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property and Taxable Religious Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 98-1B. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

#### **E. EXEMPTIONS**

There shall be no exemptions for property in Zone 1, Zone 2, Zone 3, and Zone 4.

No Special Tax shall be levied on Property Owner Association Property, Public Property, and/or Religious Property in Zone 5 and Zone 6 at up to the Acreage amounts shown in Table 5 below:

**TABLE 5**

<b>Zone</b>	<b>Exempt Acreage</b>
5	2.89 Acres
6	4.56 Acres

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property within Zone 5 and Zone 6 become Property Owner Association Property, Public Property or Religious Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property, Public Property or Religious Property, its tax-exempt status will be revoked.

Property Owner Association Property, Public Property or Religious Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property or Taxable Religious Property.

**F. REVIEW/APPEAL COMMITTEE**

Any taxpayer may file a written appeal of the Special Tax levied on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

**G. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 98-1B may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**"CFD Public Facilities"** means either \$11.5 million in 2016 dollars, which shall increase by the Construction Inflation Index on July 1, 2017, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 98-1B under the authorized financing program for CFD No. 98-1B, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

**"Construction Fund"** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

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

**"Future Facilities Costs"** means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund; (ii) moneys currently on deposit in the Construction Fund; and (iii) moneys currently on deposit in an escrow fund, if any, that are expected to be available to finance public facilities costs.

**"Outstanding Bonds"** means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

**"Previously Issued Bonds"** means all Bonds that have been issued by CFD No. 98-1B prior to the date of prepayment.

## **1. Prepayment in Full**

All Assessor's Parcels of Developed Property and Assessor's Parcels of Undeveloped Property for which a building permit has been issued may be prepaid. The Special Tax obligation applicable to such Assessor's Parcel in CFD No. 98-1B may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel or any other Assessor's Parcel owned by such owner 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. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator will charge a fee to the owner requesting prepayment for providing this figure. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

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

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



Total: equals                      Prepayment Amount

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

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued), compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for the entire CFD No. 98-1B based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 98-1B, excluding any Assessor's Parcels which have been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated Backup Special Taxes at buildout of CFD No. 98-1B using the Backup Special Tax amount for the current Fiscal Year, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of No. 98-1B, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 98-1B.

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 appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

## **2. Prepayment in Part**

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

$P_E$  = the Prepayment Amount calculated according to Section H.1

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

A = the Administration Fees and Expenses from Section H.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the CFD Administrator of such owner's intent to partially prepay the Maximum Special Tax and the percentage by which the Maximum Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Special Tax for an Assessor's Parcel within 30 days of the request and will charge a fee to the owner requesting prepayment for providing this figure.

With respect to any Assessor's Parcel that is partially prepaid, the School District shall (i) distribute the funds remitted to it according to Paragraph 16 of Section H.1. and (ii) indicate in the records of CFD No. 98-1B that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage  $(1.00 - F)$  of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no full or partial Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within CFD No. 98-1B both prior to and after the proposed prepayment, less expected

Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

**I. TERM OF SPECIAL TAX**







The Special Tax shall be levied each year to fully satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2055-56.

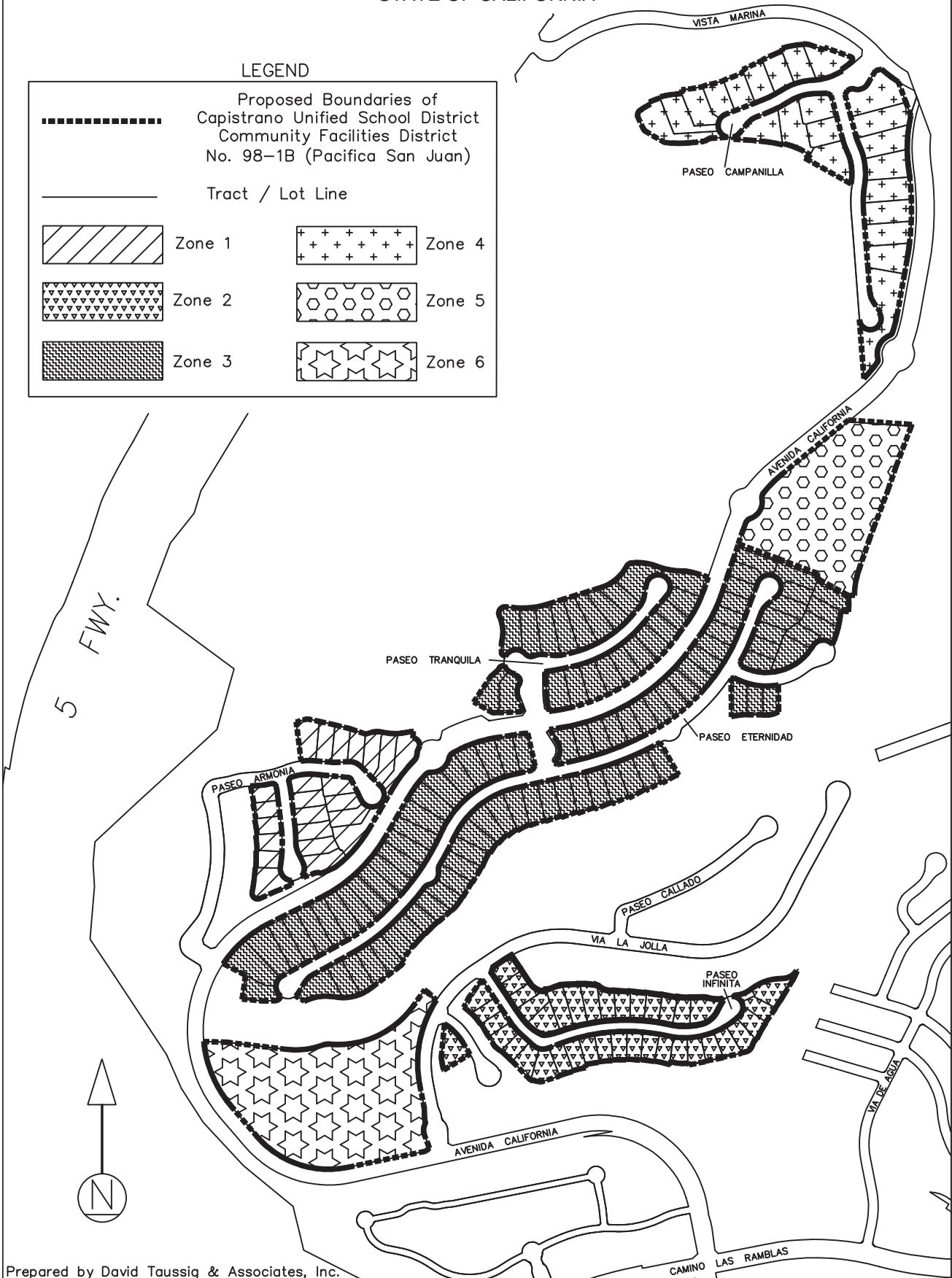
**EXHIBIT A**

**ZONE DESIGNATION**

PROPOSED BOUNDARIES OF  
 CAPISTRANO UNIFIED SCHOOL DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 98-1B  
 (PACIFICA SAN JUAN)  
 COUNTY OF ORANGE  
 STATE OF CALIFORNIA

LEGEND

Proposed Boundaries of Capistrano Unified School District Community Facilities District No. 98-1B (Pacifica San Juan)			
Tract / Lot Line			
	Zone 1		Zone 4
	Zone 2		Zone 5
	Zone 3		Zone 6



## **EXHIBIT D**

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**CFD No. 98-1B of the  
Capistrano Unified School District**

**Special Tax Roll  
Fiscal Year 2018-2019**

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**Exhibit D****CFD No. 98-1B of the Capistrano Unified School District**

<b><u>Assessor's Parcel Number</u></b>	<b><u>FY 2018-2019 Special Tax</u></b>
675-085-01	\$2,557.60
675-085-02	\$2,557.60
675-085-03	\$2,557.60
675-085-04	\$2,557.60
675-085-05	\$2,557.60
675-085-06	\$2,557.60
675-085-07	\$2,557.60
675-085-08	\$2,557.60
675-085-09	\$2,557.60
675-085-10	\$2,557.60
675-085-11	\$2,557.60
675-085-12	\$2,557.60
675-085-13	\$2,557.60
675-085-14	\$2,557.60
675-085-15	\$2,557.60
675-085-16	\$2,557.60
675-085-17	\$2,557.60
675-085-18	\$2,557.60
675-085-19	\$2,557.60
675-085-20	\$2,557.60
675-085-21	\$2,557.60
675-085-22	\$2,557.60
675-085-23	\$2,557.60
675-085-24	\$2,557.60
675-085-25	\$2,557.60
675-085-26	\$2,557.60
675-085-27	\$2,557.60
675-085-28	\$2,557.60
675-085-29	\$2,557.60
675-085-30	\$2,557.60
675-085-31	\$2,557.60
675-085-32	\$2,557.60
675-085-35	\$2,557.60
675-085-36	\$2,557.60
675-085-37	\$2,557.60
675-085-38	\$2,557.60
675-421-07	\$2,392.43
675-421-08	\$2,392.43
675-421-09	\$2,392.43
675-421-10	\$2,392.43
675-421-11	\$2,392.43
675-421-12	\$2,392.43
675-421-13	\$2,392.43



**Exhibit D****CFD No. 98-1B of the Capistrano Unified School District**

<b><u>Assessor's Parcel Number</u></b>	<b><u>FY 2018-2019 Special Tax</u></b>
675-431-18	\$2,392.43
675-431-19	\$2,392.43
675-431-20	\$2,392.43
675-431-21	\$2,392.43
675-431-22	\$2,392.43
675-431-23	\$2,392.43
675-431-24	\$2,392.43
675-431-25	\$2,392.43
675-431-26	\$2,392.43
675-431-27	\$2,392.43
675-431-28	\$2,392.43
675-431-29	\$2,392.43
675-431-30	\$2,392.43
675-431-31	\$2,392.43
675-431-32	\$2,392.43
675-431-33	\$2,392.43
675-443-02	\$18,578.96
675-451-07	\$2,960.44
675-451-08	\$2,960.44
675-451-09	\$2,960.44
675-451-10	\$2,960.44
675-451-11	\$2,960.44
675-451-12	\$2,960.44
675-451-13	\$2,960.44
675-451-14	\$2,960.44
675-451-15	\$2,960.44
675-451-17	\$2,960.44
675-451-18	\$2,960.44
675-451-19	\$2,960.44
675-451-20	\$2,960.44
<b>Total FY 2018-2019 Special Tax Levy</b>	<b>\$204,164.17</b>
<b>Total Number of Parcels Taxed</b>	<b>73</b>