



## Board Meeting Agenda Special Meeting

Russ Baggerly, Director  
Mary Bergen, Director  
Bill Hicks, Director

Pete Kaiser, Director  
James Word, Director

### CASITAS MUNICIPAL WATER DISTRICT

January 29, 2013

6:00 P.M.

The meeting will be held at  
Nordhoff High School Cafeteria  
1401 Maricopa Hwy.  
Ojai, CA 93023

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of §54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Public comments for items that are not on the agenda.
2. General Manager comments.
3. Board of Director comments.
4. Consideration of taking necessary actions to initiate the formation of a Community Facilities District (CFD) for the acquisition of the property and facilities owned/held by the Golden State Water Company in its Ojai Service Area.
  - a. Presentation to the Board by Taussig & Associates.
  - b. Public Comment

Action Items:

- c. Recommend approval of Local Goals and Policies for Use of Mello-Roos Community Facilities District Act of 1982.

RECOMMENDED ACTION: Motion Approving Recommendation

- d. Resolution of the Board of Directors of the Casitas Municipal Water District Declaring its Intention to Establish Community Facilities District No. 2013-1 (Ojai) and to Authorize the Levy of Special Taxes Therein.

RECOMMENDED ACTION: Adopt Resolution

- e. Resolution of the Board of Directors of the Casitas Municipal Water District Declaring its Intention to Reimburse Expenditures from the Proceeds of Certain Community Facilities District Bond Obligations.

RECOMMENDED ACTION: Adopt Resolution

5. Adjournment

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a).

# **CASITAS MUNICIPAL WATER DISTRICT**

## **LOCAL GOALS AND POLICIES FOR USE OF MELLO-ROOS COMMUNITY FACILITIES DISTRICT ACT OF 1982**

### **I. INTRODUCTION**

California Government Code Section 53312.7(a) requires the Casitas Municipal Water District (“CMWD”) to consider and adopt local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (the “Act”) prior to the initiation of proceedings to form a community facilities district (“CFD”) pursuant to the Act. CMWD intends to initiate proceedings to consider formation of a CFD pursuant to the Act and therefore adopts the following local goals and policies pursuant thereto. These local goals and policies may be amended or supplemented by CMWD’s Board of Directors at any time.

### **II. CFD FINANCING PRIORITIES AND LIMITATIONS (GOVERNMENT CODE SECTION 53312.7(a)(1))**

CMWD may consider using the Act to form one or more CFDs to fund the purchase, construction, expansion, improvement, and/or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer, planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real property, and any other public capital facilities to the extent authorized by California Government Code Section 53313.5 (collectively, the “Authorized Facilities”). Special taxes imposed with respect to CFDs may be utilized to secure CFD bonds or used to finance the Authorized Facilities on a pay-as-you-go basis. Under no circumstances shall CMWD’s general funds be used to guarantee bond payments for CFD bonds if the special taxes utilized to secure the payment of such bonds are inadequate to cover debt service or other financing obligations pertaining thereto.

CMWD establishes the following priorities for the use of CFD financing:

- (a) CFD financing shall be limited to the financing of Authorized Facilities and shall not be used to finance public services under Government Code Section 53313.
- (b) CFD financing shall not be used by CMWD for Authorized Facilities to be owned and operated by other public agencies, including school districts, or services to be provided by other public agencies.
- (c) The properties to be included within the boundaries of a CFD shall correspond to the area CMWD’s Board of Directors determines to be benefitted by CFD financing of Authorized Facilities.
- (d) CFD financing may be utilized to finance Authorized Facilities unless the CMWD Board of Directors determines there is another available and superior mechanism for financing such facilities, taking into consideration legal constraints, fairness to property owners/ratepayers, reliability, and financing risks and costs.

**III. BOND ISSUE CREDIT QUALITY REQUIREMENTS (GOVERNMENT CODE SECTION 53312.7(a)(2))**

CMWD will require that the credit quality of any CFD bond issue be such that the requirements of Government Code Section 53345.8 will be met.

If the value of the real property that would be subject to the CFD special tax is determined based upon an appraisal, the appraisal shall be made by a licensed California appraiser with a minimum of ten (10) years experience in appraising real estate in California, the appraisal shall meet the standards set forth in Section VI below, and the date of value used in the appraisal shall be no more than nine (9) months prior to the date the bonds are issued.

A low value-to-lien ratio (with the understanding that in no event shall the value-to-lien ratio, as calculated per Government Code Section 53345.8, be less than 3:1), excessive tax delinquencies, and/or projections of declining property values may cause CMWD to not use CFD bond financing, to reduce the size of CFD bond financing, to require a reserve fund to be established as a condition to CFD bond financing (or an increase in the size of the reserve fund above the amount that would otherwise be required), and/or to require credit enhancement prior to a CFD bond sale. Each CFD bond issue shall be structured to adequately protect bond holders and to not negatively impact the bonding capacity or credit rating of CMWD. CMWD's Board of Directors retains the sole discretion to determine the size of CFD financing, reserve fund and credit enhancement requirements, and other provisions and conditions needed to protect the interests of CMWD, CFD bondholders, and the property owners/ratepayers/customers within CMWD and the CFD boundaries.

Subject to the right of CMWD's Board of Directors to make exceptions, in order to enhance the credit quality of CFD bond issues, CMWD generally will require that each such bond issue be secured by a reserve fund. Generally, each such reserve fund will be required to be funded (with cash or an acceptable reserve surety or other credit facility) in an amount the lesser of (a) 10% of the initial principal amount of the bonds of such issue, (b) maximum annual debt service on the bonds of such issue, or (c) 125% of the average annual debt service on the bonds of such issue. Any reserve surety or other credit facility funding such a reserve fund will generally be required to be issued or guaranteed by an entity, the long term unsecured obligations of which are rated at least "A" by Moody's Investors Service or Standard & Poor's Ratings Service.

The amount of capitalized interest funded for an issue of CFD bonds may not exceed any maximum specified in the CFD Act.

The term to maturity of CFD bonds shall not exceed the maximum term specified in the Act.

**IV. DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS (GOVERNMENT CODE SECTION 53312.7(a)(3))**

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, CMWD will require that the requirements of disclosure to prospective property purchasers contained in the Act, including Government Code

Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2, 53341.5, and 53754, shall be met.

**V. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES**  
**(GOVERNMENT CODE SECTION 53312.7(a)(4))**

Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) within a CFD, as determined by CMWD's Board of Directors. Exemptions from the special tax may be given to parcels that are publicly-owned, are held by property owners' associations, religious groups, or non-profit entities, are used for a public purpose such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

The total tax burden (consisting of the anticipated maximum annual CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping CFD, and any other taxes, fees and charges payable from and secured by the property) on any parcel in a CFD on which a for-sale residential unit has been, is being, or is to be constructed shall not exceed 2% of the estimated base sales price of such parcel upon completion of the public and private improvements relating thereto; provided, however, that CMWD may waive this requirement with respect to any CFD whose qualified electors are registered voters.

The rate and method of apportionment for CFD special taxes shall be structured so as to produce special tax revenues sufficient to pay (a) debt service on all CFD bonds and (b) reasonable and necessary annual administrative expenses of the CFD. Additionally, the rate and method of apportionment may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CFD bond issue, (b) amounts to pay directly the costs of Authorized Facilities authorized to be financed by the CFD, (c) the accumulation of funds reasonably required for future debt service on CFD bonds, (d) amounts equal to projected delinquencies in special tax payments, (e) remarketing, credit enhancement or liquidity fees, and (f) other costs or payments permitted by law.

The CFD special tax rate and method of apportionment shall be structured such that the projected maximum special tax that is levied in any fiscal year will produce special tax revenues at least equal to (a) 110% of projected annual debt service on all CFD bonds for the calendar year commencing in such fiscal year, plus (b) projected administrative expenses of the CFD for the calendar year commencing in such fiscal year. Generally, the rate and method of apportionment for CFD special taxes may be required to include a back-up tax so that changes in development within the CFD will not result in the inability to levy special taxes that would produce special tax revenues in such amounts.

The maximum special tax levied to finance the construction of Authorized Facilities for any parcel within a CFD for which a building permit for the construction of a for-sale residential unit has been issued shall not escalate by more than two percent (2%) annually. The annual increase, if any, in the maximum special tax levied to finance Authorized Facilities for any other residential or non-residential parcel within a CFD may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel within a CFD as a consequence of

delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

Generally, the special tax rate and method of apportionment for a CFD that finances Authorized Facilities will be structured so as to allow the prepayment of special taxes by property owners.

The special tax levied in a CFD shall include an amount for administrative expenses relating to the CFD, including expense necessary for the enrollment and collection of the annual special taxes and any necessary bond administration.

## **VI. APPRAISALS (GOVERNMENT CODE SECTION 53312.7(a)(5))**

Except as provided below, the definitions, standards, and assumptions to be used in appraisals required in connection with CMWD's use of the Act for CFDs are as set forth in the Appraisal Standards for Land Secured Financings published by the California Debt and Investment Advisory Commission and dated May 1994 (the "CDIAC Guidelines"), with the following modifications:

- (a) the independent review appraiser is an option, and not a requirement;
- (b) the comparable sales method may be used whenever there is sufficient data available;
- (c) the appraiser should assume the presence of the Authorized Facilities to be financed with the CFD bonds in connection with the CFD financing for which the appraisal is being prepared; and
- (d) the special tax lien need not be computed as the present value of the future tax payments if there is a prepayment mechanism or other appropriate measure.

Notwithstanding the foregoing, if there is a conflict between the definitions, standards, and assumptions in the CDIAC Guidelines and the corresponding definitions, standards, or assumptions in the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation ("USPAP"), USPAP shall govern.

## **VII. MISCELLANEOUS**

CMWD's Board of Directors shall select all consultants to be retained by CMWD for a CFD financing, including, but not limited to, the financial advisor, special tax consultant, bond counsel, disclosure counsel, underwriter, appraiser, and trustee. Providers of letters of credit, bond insurance policies, surety bonds, or other credit enhancements are also subject to CMWD Board of Directors' approval.

The policies set forth herein reflect the minimum standards under which CMWD will make use of CFD financing for Authorized Facilities. CMWD may, in its discretion, require additional measures and procedures, enhanced security, and higher standards in particular cases.

CMWD's Board of Directors may, in its discretion and to the extent permitted by law, waive any of the policies set forth herein in particular cases.

The goals and policies set forth herein may be amended at any time and from time to time by CMWD's Board of Directors.

**CASITAS MUNICIPAL WATER DISTRICT**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE CASITAS MUNICIPAL WATER DISTRICT  
DECLARING ITS INTENTION TO ESTABLISH  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)  
AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES  
THEREIN**

**WHEREAS**, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, *et seq.* of the California Government Code, the Board of Directors (the “Board”) of the Casitas Municipal Water District (the “District”) has determined, on its own initiative and at the request of members of the community within the portion of the District currently served by the Golden State Water Company (“Golden State”), to establish a community facilities district (“CFD”) for and with respect to said area (the “Golden State Water Ojai Service Area”), and to act as the legislative body for said CFD; and

**WHEREAS**, the boundaries of the Golden State Water Ojai Service Area are described in Exhibit “A” hereto; and

**WHEREAS**, the Board now desires to proceed with establishment of the CFD for and with respect to the Golden State Water Ojai Service Area under the Act in order to finance the purchase, construction, improvement, or rehabilitation of the real or other tangible property with an estimated useful life of five years or longer that is currently owned or held by Golden State in and with respect to the Golden State Water Ojai Service Area, additional facilities that may be needed to serve the property owners, residents, businesses, and other persons in the Golden State Water Ojai Service Area (collectively, the “Authorized Facilities” which are more particularly described in Exhibit “B” hereto);

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Casitas Municipal Water District as follows:

1. The Board proposes to conduct proceedings to establish the CFD pursuant to the Act.
2. The name proposed for the CFD is “Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai).”
3. The Board hereby finds and determines that the Clerk of the Board (the “Clerk”) has similar powers and duties as the “Clerk,” as that term is defined in Section 53317(a) of the Act, and therefore the Clerk or his/her designee (the “Clerk” herein) is hereby authorized and directed to perform all functions of the Clerk.
4. The proposed boundaries of the CFD include the entire Golden State Water Ojai Service Area and are as shown on the map of the CFD on file with the Clerk, which boundaries



are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Clerk is hereby directed to record, or cause to be recorded, said map of the boundaries of the CFD in the office of the County Recorder of the County of Ventura within fifteen (15) days of the date of adoption of this Resolution.

5. The type of public facilities proposed to be financed by the CFD pursuant to the Act shall consist of those items listed as facilities on Exhibit B hereto and by this reference incorporated herein (the “Authorized Facilities”).

6. The Board hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with Section 53329.5(a) of the Act, however, the District may enter into one or more contracts directly with the property owners with respect to the acquisition and construction of one or more of the Authorized Facilities.

7. Except to the extent that funds are otherwise available to the CFD to pay for the Authorized Facilities and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Authorized Facilities, a special tax sufficient to pay the costs thereof, secured by recordation of the continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD from the 2013-2014 Fiscal Year until the 2052-53 Fiscal Year, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as the Board or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the CFD, in sufficient detail to allow each property owner within the proposed CFD to estimate the maximum amount such property owner will have to pay, is set forth in Exhibit “C” hereto and by this reference incorporated herein. In no circumstances shall the special tax levied against any parcel used for private residential purposes (as defined in the Act), if any, be increased by more than ten percent above the amount that would have been levied as a consequence of delinquency or default by the owner(s) of any other parcel or parcels within the CFD.

8. It is the intention of the Board, acting as the legislative body for the CFD, to cause bonds of the CFD to be issued pursuant to the Act to finance in whole or in part the acquisition and construction of the Authorized Facilities. The maximum principal amount of CFD bonds (excluding bonds that are refunded or refinanced) shall not exceed a total of Sixty Million (\$60,000,000). Said bonds shall bear interest payable semi-annually or in such other manner as the Board shall determine, which interest rate shall not exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and each separate issuance of said bonds shall mature at a date not to exceed thirty-five (35) years from the date of the issuance thereof.

9. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the CFD at a special election to be held at least 90 days, but not more than 180 days, following the Board’s adoption of the resolution of formation, in accordance with Sections 53326-53327 of the Act.

10. The General Manager of the District, as the officer having charge and control of the Authorized Facilities in and for the CFD, is hereby directed to study said proposed facilities and to make, or cause to be made, and file with the Clerk a report in writing, presenting the following: (a) a description of the Authorized Facilities by type, which will be required to adequately meet the needs of the CFD; and (b) an estimate of the fair and reasonable cost of financing the Authorized Facilities, including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith, and incidental expenses in connection with said financing(s), including the costs of bond financing and all other related costs as provided in Section 53345.3 of the Act. The report shall be made a part of the record of the public hearing provided for below.

11. The Board, as the legislative body for the CFD, hereby fixes the time and place when and where the Board, as the legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and consider and finally determine whether the public interest, convenience, and necessity require formation of the CFD and the levy of said special tax for \_\_\_\_\_, 2013, at \_\_\_ P.M. at the public meeting room at District's offices located at 1055 Ventura Avenue, Oak View, CA 93022.

12. The Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the Golden State Ojai Service Area. The publication of said notice shall be completed at least seven (7) days before the date herein set for said hearing. Said notice shall be substantially in the form specified in Section 53322, *et seq.* of the Act.

13. The Board hereby reserves the right and authority, subject to conditions to be specified in the issuance document for the bonds, to allow any interested owner of property within the CFD to tender to the CFD in full payment or partial payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond secured thereby, the bond to be taken at par and credit to be given for the accrued interest thereon computed to the date of tender.

14. This Resolution is authorized and adopted pursuant to Government Code Sections 53318 (a) and (b).

15. This Resolution shall take effect immediately upon its adoption.

PASSED and ADOPTED by the Board of Directors of the Casitas Municipal Water District at a meeting held on the 29th day of January, 2013.

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James W. Word, President  
Casitas Municipal Water District

ATTEST:

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Mary Bergen, Secretary  
Casitas Municipal Water District

STATE OF CALIFORNIA                    )  
COUNTY OF VENTURA    ) ss.

I, \_\_\_\_\_, Clerk of the Board of Directors of the Casitas Municipal Water District, hereby certify that the foregoing Resolution was duly adopted at a regular meeting of the Board of Directors of the Casitas Municipal Water District held on the \_\_\_ day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
CLERK OF THE BOARD OF DIRECTORS  
OF THE CASITAS MUNICIPAL WATER  
DISTRICT

EXHIBIT "A"

**PROPOSED BOUNDARY MAP**

[see following pages]

**PROPOSED BOUNDARIES OF  
CASITAS MUNICIPAL WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)  
COUNTY OF VENTURA  
STATE OF CALIFORNIA**

(1) Filed in the office of the Secretary of the Casitas Municipal Water District the \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Secretary,  
Casitas Municipal Water District

(2) I hereby certify that the within map showing the proposed boundaries of Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai), County of Ventura, State of California, was approved by the Board of Directors of the Casitas Municipal Water District at a regular meeting thereof, held on the \_\_\_\_ day of \_\_\_\_\_, 2013, by its Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
Secretary,  
Casitas Municipal Water District

(3) Filed the \_\_\_\_ day of \_\_\_\_\_, 2013, at the hour of \_\_\_\_ o'clock \_\_\_\_m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at Pages \_\_\_\_\_ and as Instrument No. \_\_\_\_\_ in the office of the County Recorder in the County of Ventura, State of California.



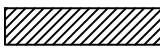
Mark A. Lunn  
Ventura County Clerk and  
Recorder/Registrar of Voters

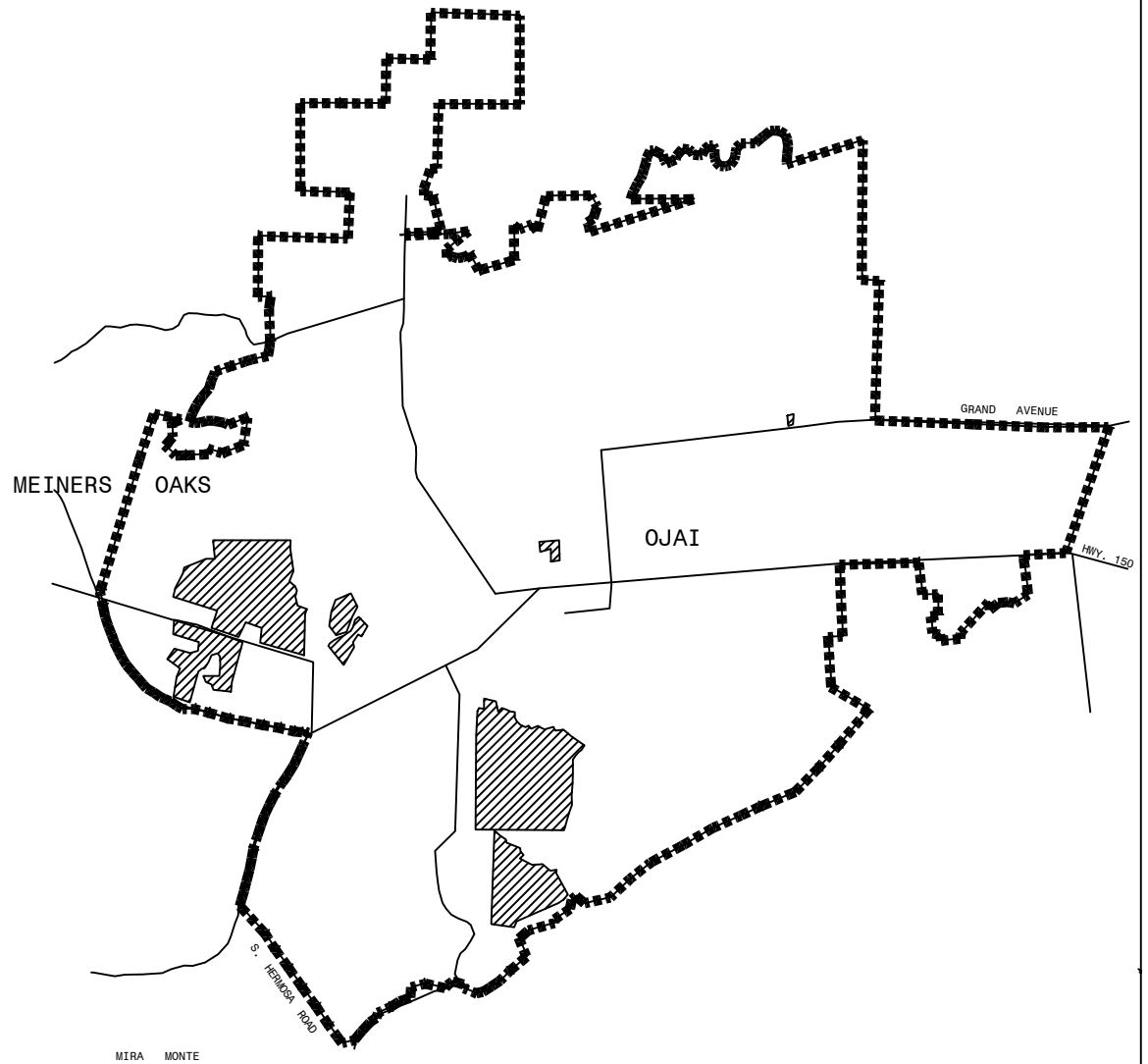
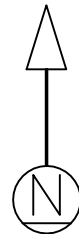
By \_\_\_\_\_  
Deputy  
Fee \_\_\_\_\_

Exempt recording requested,  
per CA Government Code §6103

**PROPOSED BOUNDARIES OF  
CASITAS MUNICIPAL WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)  
COUNTY OF VENTURA  
STATE OF CALIFORNIA**

LEGEND

	Proposed Boundaries of Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai), County of Ventura, California
	Roadway
	Not A Part Area



Reference is hereby made to the Assessor maps of the County of Ventura for a description of the lines and dimensions of assessor parcels listed on the following pages.









**PROPOSED BOUNDARIES OF  
CASITAS MUNICIPAL WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)  
COUNTY OF VENTURA  
STATE OF CALIFORNIA**

ASSESSOR PARCELS NOT A PART (N.A.P.) OF COMMUNITY FACILITIES DISTRICT No. 2013-1 (OJAI)

010-0-070-010	019-0-160-015
010-0-070-030	019-0-160-025
010-0-070-070	019-0-160-035
010-0-070-120	019-0-160-045
010-0-070-180	019-0-160-055
010-0-120-040	019-0-160-065
019-0-020-170	019-0-160-075
019-0-020-180	019-0-160-085
019-0-020-190	019-0-160-095
019-0-030-030	019-0-160-105
019-0-030-220	019-0-160-115
019-0-062-090	019-0-160-125
019-0-082-030	019-0-160-135
019-0-082-040	019-0-160-145
019-0-082-080	019-0-160-155
019-0-082-090	019-0-160-165
019-0-082-100	019-0-170-015
019-0-082-110	019-0-170-025
019-0-082-200	019-0-170-035
019-0-082-210	019-0-170-045
019-0-082-220	019-0-170-055
019-0-082-230	019-0-170-065
019-0-082-260	019-0-170-075
019-0-082-080	019-0-170-085
019-0-092-090	019-0-170-095
019-0-082-110	019-0-170-105
019-0-092-230	019-0-170-115
019-0-094-100	019-0-170-125
019-0-094-110	019-0-170-135
019-0-094-120	019-0-170-145
019-0-100-160	019-0-170-155
019-0-100-190	019-0-170-165
019-0-100-200	019-0-170-175
019-0-100-225	021-0-103-010
019-0-100-240	022-0-061-170
019-0-110-380	024-0-042-015
019-0-140-015	024-0-050-060
019-0-140-025	
019-0-140-035	
019-0-140-045	
019-0-140-055	
019-0-140-065	
019-0-140-075	
019-0-140-085	
019-0-140-095	
019-0-140-105	
019-0-140-115	
019-0-140-125	
019-0-150-015	
019-0-150-025	
019-0-150-035	
019-0-150-045	
019-0-150-055	
019-0-150-065	
019-0-150-075	
019-0-150-085	
019-0-150-095	
019-0-150-105	
019-0-150-115	

## EXHIBIT “B”

### LIST OF AUTHORIZED FACILITIES

The Authorized Facilities to be financed by Casitas Municipal Water District Community Facilities District No. 2013-1 (Ojai) include both of the following:

1. All costs incurred by the District to acquire the real, personal, and intangible property and property rights owned or held by the Golden State Water Company, any of its affiliate(s), and any third parties or entities (collectively, “Golden State Water”) in, to, and with respect to the water utility owned and operated by Golden State in Golden State Water Ojai Service Area, whether or not said property is physically located within the Golden State Water Ojai Service Area. Said costs shall include, without limitation and to the maximum extent permitted by applicable law, including the Act, the following costs, whether such costs are incurred prior or subsequent to the adoption of this Resolution of Intention: (1) the District’s costs incurred with respect to analyzing the feasibility of the Golden State Water acquisition, the formation of the CFD, the issuance and sale of CFD bonds, and the proceedings to be initiated by the District for acquisition of the real, personal, and intangible property of Golden State Water in and with respect to the Golden State Water Ojai Service Area; and (2) the District’s consultant costs, CFD election-related costs, legal costs, appraisal and expert witness fees, litigation expenses incurred with respect to any eminent domain action or related proceedings that may hereafter be initiated by the District for such acquisition, the amount of just compensation paid to Golden State Water (including without limitation the fair market value for the property taken, severance damages, if any, costs for loss of business goodwill, if any, relocation expenses, if any, pre-condemnation damages, interest, property taxes, and litigation expenses payable to Golden State Water, and any other payments of any type or nature, whether paid pursuant to negotiated agreement, settlement, judgment, or other court order), and, if for whatever reason, any eminent domain action initiated by the District is dismissed or abandoned (including, without limitation due to a judicial determination that the District does not have the legal right to take the Golden State Water property or due to the District Board’s determination that the amount of just compensation awarded to Golden State Water exceeds the amount the District can responsibly pay for Golden State Water’s property) the damages payable to Golden State Water pursuant to California Code of Civil Procedure Sections 1268.510 and 1268.610 *et seq.*

2. Assuming the District does in fact acquire the property described in Paragraph 1, the District’s costs incurred to plan, design, engineer, finance, supervise, construct and install, inspect, and obtain necessary permits for the purchase, construction, improvement, or rehabilitation of any real or other tangible property or facilities with an estimated useful life of five years or longer which property or facilities the District determines are necessary or appropriate to provide water utility services in the Golden State Water Ojai Service Area and which property or facilities the District determines either (i) are of primary benefit to the property owners, residents, businesses, and other persons and entities within the Golden State Water Ojai Service Area or (ii) if the District’s Board determines that said property or facilities benefit the property owners, residents, businesses, and other persons and entities within the Golden State Water Ojai Service Area but are not of *primary* benefit to such persons or entities, the portion of the District’s costs for said property and facilities that the District’s Board reasonably determines does not exceed such persons’ or entities’ fair share contribution therefor.

EXHIBIT "C"

**PROPOSED RATE AND METHOD OF APPORTIONMENT**

[see following pages]

**RATE AND METHOD OF APPORTIONMENT FOR  
CASITAS MUNICIPAL WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (OJAI)**

A Special Tax shall be levied on all Assessor's Parcels of Taxable Property in Casitas Municipal Water District ("CMWD") Community Facilities District No. 2013-1 (Ojai) ("CFD No. 2013-1") and collected each Fiscal Year, commencing in Fiscal Year 2013-14, in an amount determined through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 2013-1, 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:

**"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 map or plan recorded with the County or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. The parcel square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560 (the "Parcel Square Footage").

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

**"Administrative Expenses"** means the actual or reasonably estimated costs directly related to the administration of CFD No. 2013-1, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by CMWD or designee thereof or both); the costs of collecting the Special Taxes (whether by CMWD 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 CMWD, CFD No. 2013-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to CMWD, CFD No. 2013-1 or any designee thereof of complying with disclosure requirements of CMWD, CFD No. 2013-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of CMWD, CFD No. 2013-1 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 CMWD's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by CMWD or advanced by CMWD or CFD No. 2013-1 for any other administrative purposes of CFD No. 2013-1, 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 to which an Assessor's parcel number is assigned as determined from an Assessor Parcel Map or the applicable assessment roll.

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

**“Authorized Facilities”** means those facilities eligible to be funded by CFD No. 2013-1, as set forth in the Resolution of Intention to establish CFD No. 2013-1 as adopted by CMWD.

**“Bond Issue”** means one series of CFD No. 2013-1 Bonds.

**“Certificate of Occupancy”** means a certificate issued by the City or the County that authorizes the actual occupancy of Developed Property by a resident(s) or a business(es).

**“CFD Administrator”** means the Person designated by CFD No. 2013-1 to administer the Special Tax according to this RMA.

**“CFD No. 2013-1”** means CMWD Community Facilities District No. 2013-1 (Ojai).

**“CFD No. 2013-1 Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued or incurred by CMWD for CFD No. 2013-1.

**"City"** means the City of Ojai.

**"Commercial Property"** means all Assessor’s Parcels of Non-Residential Property excluding Industrial Property.

**“Condominium Unit”** means (1) a residential condominium as described in Civil Code Section 1351(f) and (2) any residential dwelling that is not a Single Family Detached Unit or a dwelling unit located on Multifamily Attached Property, as determined by the CFD Administrator.

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

**“Developed Property”** means, for each Fiscal Year, all Taxable Property, for which a building permit was issued on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**“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 CFD No. 2013-1 Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**"Industrial Property"** means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for construction of a non-residential structure(s) which is primarily used for: manufacturing, procession, 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, below.

**“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 of Taxable Property.

**“Multifamily Attached Property”** means an Assessor's Parcel on which is located a structure or structures with multiple residential dwelling units, all of which are offered for rent and are not available for sale to individual owners.

**“Non-Residential Floor Area”** means the total building square footage of the non-residential building(s) located on an Assessor’s Parcel, measured from outside wall to outside wall, not including space devoted to stairwells, basement storage, required corridors, public restrooms, elevator shafts, light courts, vehicle parking and areas incident thereto, mechanical equipment incidental to the operation of such building, and covered public pedestrian circulation areas, including atriums, lobbies, plazas, patios, decks, arcades and similar areas, except such public circulation areas or portions thereof that are used solely for commercial purposes. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel and/or to the appropriate records kept by the City's Building Division or the County's Building and Safety Division, as reasonably determined by the CFD Administrator.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction thereon of one or more non-residential facilities has been issued by the City or the County.

**“Outstanding Bonds”** means all CFD No. 2013-1 Bonds which are outstanding under an Indenture.

**“Property Owner Association Property”** means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2013-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner’s association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Special Tax is being levied.

**“Proportionately”** means, for Developed 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.

**“Public Property”** means property within the boundaries of CFD No. 2013-1 that is (i) owned by, or irrevocably offered or dedicated to, the federal government, the State, the County, the



City, CMWD, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall not be considered Public Property and shall be taxed and classified according to its actual use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

**“Rate and Method of Apportionment”** or **“RMA”** means this Rate and Method of Apportionment of Special Tax.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction thereon of one or more residential dwelling units has been issued by the City or the County. Residential Property includes Single Family Detached Units, Condominium Units and units located on Multi-Family Attached Property.

**“Single Family Detached Unit”** means an individual residential dwelling unit that does not share a common wall with another residential dwelling unit.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2013-1 to fund the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year, commencing in Fiscal Year 2013-2014, for CFD No. 2013-1 to: (i) pay debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) pay periodic costs with respect to the CFD No. 2013-1 Bonds, including but not limited to, costs of credit enhancement and federal arbitrage rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay Administrative Expenses payable or expected to be payable in the calendar year commencing in such Fiscal Year; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) replace revenue that CFD No. 2013-1 reasonably expects not to receive due to anticipated Special Tax delinquencies, if and to the extent deemed necessary and supported by a written explanation and calculation; (vi) pay any litigation expenses and costs CMWD is required to pay to Golden State Water Company pursuant to California Code of Civil Procedure Section 1268.610 et seq. if CMWD files eminent domain to acquire Golden State’s Ojai water utility and the eminent domain proceeding is abandoned or dismissed for any reason; (vii) pay directly for the acquisition or construction of Authorized Facilities; less (viii) a credit for funds available to reduce the annual Special Tax levy.

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

**“Taxable Property”** means all of the Assessor’s Parcels of Developed Property within the boundaries of CFD No. 2013-1 which are not exempt from the Special Tax pursuant to applicable law or Section E below.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means property that is not Developed Property, Property Owner Association Property or Public Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2013-1 shall be classified as Developed Property, Undeveloped Property, Property Owner Association Property or Public Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX RATE**

Developed Property shall be assigned to Land Use Classes 1 through 8 as listed in Table 1 below.

(1). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel determined to be Developed Property shall be based on the Land Use Class in Table 1 within which such Assessor's Parcel is classified. As indicated in the table, the Maximum Special Tax may be increased after the CFD sells an additional Bond Issue.

**TABLE 1**

**Maximum Special Tax for Developed Property within  
Community Facilities District No. 2013-1 (Ojai)  
Fiscal Year 2013-2014**

Land Use Class	Description	Parcel Square Footage	Maximum Special Tax	
			Prior to 2nd Bond Issue	After 2nd Bond Issue
1	Single Family Detached Unit	43,560 Sq. Ft. or greater	\$345 per unit	\$2,093 per unit
2	Single Family Detached Unit	22,000 to less than 43,560 Sq. Ft.	\$203 per unit	\$1,235 per unit
3	Single Family Detached Unit	10,000 to less than 22,000 Sq. Ft.	\$122 per unit	\$741 per unit
4	Single Family Detached Unit	Less than 10,000 Sq. Ft.	\$79 per unit	\$480 per unit
5	Condominium Unit	NA	\$67 per unit	\$407 per unit
6	Multifamily Attached Property	NA	\$57 per unit	\$349 per unit

Land Use Class	Description	Parcel Square Footage	Maximum Special Tax	
			Prior to 2nd Bond Issue	After 2nd Bond Issue
7	Commercial Property	NA	\$0.050 per square foot of Non-Residential Floor Area	\$0.303 per square foot of Non-Residential Floor Area
8	Industrial Property	NA	\$0.026 per square foot of Non-Residential Floor Area	\$0.159 per square foot of Non-Residential Floor Area

(2). Increase in the Maximum Special Tax

The Fiscal Year 2013-14 Maximum Special Tax, identified in Table 1 above, shall increase annually, commencing on July 1, 2014 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(3). Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel in such case shall be the sum of the Maximum Special Tax for all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final in the absence of manifest error.

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

Commencing with Fiscal Year 2013-14 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and shall provide for the levy the Special Tax as follows:

The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the Maximum Special Tax in order to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which a Certificate of Occupancy has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner(s) of any other Assessor's Parcel(s) within CFD No. 2013-1.

**E. EXEMPTIONS**

No Special Tax shall be levied on Public Property and/or Property Owner Association Property in CFD No. 2013-1. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it shall become subject to the Special Tax.

**F. 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 CMWD may directly bill the Special Tax, and/or 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.

**G. APPEALS AND INTERPRETATIONS**

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment 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 CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year. No refunds shall be given in the current Fiscal Year.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and/or making determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be final and binding as to all persons.

**H. PREPAYMENT OF THE SPECIAL TAX**

The following additional definitions apply to this Section H:

**“CFD Public Facilities Costs”** means either \$42,250,000 in 2013 dollars, which shall increase by the Construction Inflation Index on July 1, 2014, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for all of the Authorized Facilities, or (ii) shall be determined by CMWD concurrently with a covenant that it will not issue any more CFD No. 2013-1 Bonds (except refunding bonds) to be supported by the Special Tax levy under this Rate and Method of Apportionment as described in Section D herein.

**“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 month of December in 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 Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance the cost of Authorized Facilities, and (iv) the amount the CFD Administrator reasonably expects to derive from the reinvestment of these funds.

**“Improvement Fund”** means a fund or account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

**“Previously Issued Bonds”** means, for any Fiscal Year, all Outstanding Bonds that are still outstanding under the Indenture after the principal payment date following the current Fiscal Year.

### **1. Prepayment in Full**

The obligation of the Assessor’s Parcel to pay the Special Tax may be fully prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor’s Parcels of Developed Property, or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued, and 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. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor’s Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to the next occurring date that notice of redemption of CFD No. 2013-1 Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture.

The Special Tax 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	Prepayment Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for that Assessor's Parcel as though it were already designated as Developed Property, based upon the building permit which has already been issued for such Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax levy for the entire CFD No. 2013-1 based on the Developed Property Special Tax which could be levied in the current Fiscal Year on all Developed Property CFD No. 2013-1, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the Previously Issued Bonds to compute the amount of Previously Issued 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 (e.g., the redemption price-100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 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 bond principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds. Notwithstanding the above, if the Previously Issued Bonds may be redeemed in the current Fiscal Year, but after the date of prepayment, the amount needed to pay the interest under this step shall equal zero.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount less the Future Facilities Amount and the Prepayment Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued 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. The prepayment fees and expenses of CFD No. 2013-1 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2013-1 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Prepayment 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 Previously Issued 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 Previously Issued 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. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below the reserve requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds is projected to remain unexpended as of the date immediately following the principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund or account on such date (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 “Special Tax Prepayment Amount”).

From the Special Tax 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 CFD No. 2013-1 Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Improvement Fund. The amount computed pursuant to paragraph 12 shall be retained by CMWD.

Upon confirmation 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 CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax 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.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless, at the time of such proposed prepayment, the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2013-1 (after excluding the property exempted under Section E herein) after the proposed prepayment is at least equal to the sum of (i) the Administrative Expenses, as defined in Section A above, and (ii) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year.

## 2. Prepayment in Part

The obligation of the Assessor's Parcel to pay the Special Tax may be partially prepaid as described herein, provided that a partial prepayment may be made only for Assessor's Parcels of Developed Property, or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. 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:

$$PP = [(PE - PFE) \times D] + PFE$$

These terms have the following meaning:

PP = the partial prepayment.

PE = the Special Tax Prepayment Amount calculated according to Section H.1.

D = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

PFE = the Prepayment Fees and Expenses calculated according to Section H.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the 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 Special Tax for his/her Assessor's Parcel within 30 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 CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2013-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - D) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

### I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years commencing with Fiscal Year 2013-14, provided however that the Special Tax will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on the CFD No. 2013-1 Bonds have been paid.



**CASITAS MUNICIPAL WATER DISTRICT**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CASITAS MUNICIPAL WATER DISTRICT  
DECLARING ITS INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF CERTAIN  
COMMUNITY FACILITIES DISTRICT BOND OBLIGATIONS**

**WHEREAS**, concurrently with its adoption of this Resolution, the Board of Directors (the “Board”) of the Casitas Municipal Water District (the “District”) has adopted and approved its Resolution No. \_\_, entitled “A Resolution of the Board of Directors of the Casitas Municipal Water District Declaring Its Intention to Establish Community Facilities District No. 2013-1 (Ojai) and to Authorize the Levy of Special Taxes Therein”; and

**WHEREAS**, the District has incurred expenses with respect to said Community Facilities District (“CFD”) and will incur additional expenses with respect thereto prior to the formation of the CFD and the sale of CFD bonds, for which the District desires to be reimbursed out of the proceeds of the CFD bonds; and

**WHEREAS**, United States Income Tax Regulations Section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditures, the issuer declare an intention to reimburse such expenditure; and

**WHEREAS**, it is in the public interest and for the public benefit of the District and the property owners, ratepayers, residents, businesses, and other persons and entities within the District that the Board declare its official intention to reimburse the expenditures referred to herein;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Casitas Municipal Water District as follows:

1. The Board intends to issue or to cause to be issued on its behalf bonds or other obligations (the “Obligations”) for the purpose of financing the “Authorized Facilities” referred to in the Board’s Resolution No. \_\_ (the “Project”).
2. The Board hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of the Obligations and (ii) to use, or to cause to be used, a portion of the proceeds of the Obligations for reimbursement of expenditures for the Project that are paid before the date of issuance of the Obligations.

3. The maximum principal amount of the Obligations is Forty-Seven Million Three Hundred Seventy-Nine Thousand Nine Hundred Twenty-Seven Dollars (\$47,379,927) (excluding the amount of any Obligations that are refunded or refinanced).

4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Casitas Municipal District at a special meeting held on the \_\_ day of January, 2013.

\_\_\_\_\_  
James W. Word, President  
Casitas Municipal Water District

ATTEST:

\_\_\_\_\_  
Mary Bergen, Secretary  
Casitas Municipal Water District

STATE OF CALIFORNIA )

COUNTY OF VENTURA ) ss.

I, \_\_\_\_\_, Clerk of the Board of Directors of the Casitas Municipal Water District, hereby certify that the foregoing Resolution was duly adopted at a regular meeting of the Board of Directors of the Casitas Municipal Water District held on the \_\_ day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT: