

**CITY OF OAKLAND
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)**

COMMUNITY FACILITIES DISTRICT REPORT

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CITY OF OAKLAND
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)

INTRODUCTION

The City Council (the “City Council”) of the City of Oakland (the “City”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), on October 5, 2021, adopt a resolution entitled “A Resolution of the City Council of Intention to Establish a Community Facilities District, Three Improvement Areas, and a Future Annexation Area to Finance Public Improvements and Public Services for the Oak Knoll Project, and Making Findings under the California Environmental Quality Act (CEQA)” (the “Resolution of Intention”), pursuant to which it stated its intention to form “City of Oakland Community Facilities District No. 2021-1” (Oak Knoll Facilities and Services)” (the “CFD”), and within the CFD, the following three improvement areas (the “Improvement Areas”):

- (a) “Improvement Area No. 1 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)” (“Improvement Area No. 1”).
- (b) “Improvement Area No. 2 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)” (“Improvement Area No. 2”).
- (c) “Improvement Area No. 3 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)” (“Improvement Area No. 3”).

In the Resolution of Intention, the City Council also declared its intention to establish a future annexation area for the CFD (the “Future Annexation Area”).

The Resolution of Intention identifies the rate and method of apportionment of the special taxes to be levied in the CFD by reference to Exhibit B, which consists of the following (together, the “Rate and Methods”):

- (i) Exhibit B-1: Rate, Method of Apportionment, and Manner of Collection of Special Tax (Facilities Special Tax) for Improvement Area No. 1 (the “Improvement Area No. 1 Facilities Rate and Method”).
- (ii) Exhibit B-2: Rate, Method of Apportionment, and Manner of Collection of Special Tax (Facilities Special Tax) for Improvement Area No. 2 (the “Improvement Area No. 2 Facilities Rate and Method”).
- (iii) Exhibit B-3: Rate, Method of Apportionment, and Manner of Collection of Special Tax (Facilities Special Tax) for Improvement Area No. 3 (the “Improvement Area No. 3 Facilities Rate and Method”).
- (iv) Exhibit B-4: Rate, Method of Apportionment, and Manner of Collection of Special Tax (Services Special Tax) for all of the Improvement Areas (the “Services Rate and Method”).

The Rate and Methods approved in the Resolution of Intention were unintentionally omitted from the October 5, 2021 Agenda Report, and are attached hereto as Exhibit C. The Agenda Report described (i) the estimated principal amount of bonds that will be supported by

the Facilities Special Tax, the annual escalator that will apply to the Facilities Special Tax and the estimated administrative costs that will be funded by the Facilities Special Tax and (ii) the annual maintenance costs that would be supported by the Services Special Taxes and the annual escalator that will apply to the Services Special Tax.

In the Resolution of Intention, the City Council expressly ordered the preparation of a written Community Facilities District Report (the "Report"), for the proposed CFD. The Resolution of Intention ordering the Report directed that the Report generally contain the following:

(a) A description of the facilities (the "Facilities") and the services (the "Services") by type that will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the 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 therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

(c) An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

For particulars, reference is made to the Resolution of Intention for the CFD, as previously approved and adopted by the City Council.

NOW, THEREFORE, I, the City's Director of Public Works, do hereby submit the following data:

A. **DESCRIPTION OF FACILITIES AND SERVICES.** A general description of the proposed Facilities and Services is as shown in Exhibit "A" attached hereto and hereby made a part hereof.

Facilities. The CFD and each Improvement Area will be authorized to finance the Facilities without limitation.

The Rate and Methods shall authorize the financing of Facilities through the direct levy of the Facilities Special Taxes described therein. The use of those Facilities Special Taxes will be limited as set forth in the Acquisition Agreement between the City and property owners in the CFD.

Services. The CFD and each Improvement Area will be authorized to finance the Services without limitation through the levy of a Services Special Tax described in the Services Rate and Method.

B. **PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT.** The proposed boundaries of the CFD and the Improvement Areas are those properties and parcels in which special taxes may be levied to pay for the costs and expenses of the Facilities and the Services. The proposed boundaries of the CFD, the Improvement Areas and the Future Annexation Area are described on the map of the CFD, the Improvement Areas and the Future

Annexation Area on file with the City Clerk, to which reference is hereby made. Please note that a portion of the territory originally included in the CFD Parcel, which is marked on the map as "TO BE REMOVED FROM THE CFD UPON RECORDATION OF A FUTURE MAP 4" (totaling 0.47 acres) will be removed from the CFD immediately after recordation of the final subdivision map for the territory included in the CFD, without any further City Council action.

C. **COST ESTIMATE.** The cost estimate for the Facilities and the Services for the CFD is set forth in Exhibit "B" attached hereto and hereby made a part hereof. It is proposed that the estimated cost of the Facilities, as set forth on Exhibit "B", be apportioned among the Improvement Areas in order to reflect the infrastructure obligations of the property owners in the Improvement Areas as set forth in their respective development agreements and in Exhibit "B."

Dated as of November 1, 2021

By: _____
Director of Public Works,
City of Oakland

EXHIBIT A

City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)

Description of Facilities and Services to be Financed by the CFD

It is intended that the CFD (and each Improvement Area therein) will be authorized to finance all or a portion of the costs of acquisition, construction, and improvement of facilities permitted under the Mello-Roos Community Facilities Act of 1982 that are required as conditions of development of the property within the CFD and that will be owned and operated by the City or any other public agency or utility identified by the City (subject to compliance with the Act), including, but not limited to, the following:

Transportation Improvements

Purchase, construction, reconstruction, expansion, improvement, or rehabilitation of roadway improvements designed to meet the needs of development of the project. These facilities include, but are not limited to, bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete or pavers; power pole relocations; joint trenches, underground utilities, and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including on- and off-site), park and ride facilities, bus rapid transit improvements, including transfer stations and regional public transit improvements; retaining walls, sound walls, enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for roads also include any and all necessary underground potable and non-potable water, sanitary sewer, and storm drainage system improvements.

Water System Improvements

Purchase, construction, reconstruction, expansion, improvement, or rehabilitation of on- and off-site backbone water facilities designed to meet the needs of development of the project. These facilities include, but are not limited to, potable and non-potable mains, valves, services, and appurtenances; wells; and water treatment and storage facilities, and related improvements, including but not limited to: site clearing, grading, and paving; curbs and gutters; recycled water storage tanks, booster pump stations, and all appurtenances thereto; wells; water treatment; stand-by generator; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates and fencing; striping and signage.

Drainage System Improvements

Purchase, construction, reconstruction, expansion, improvement, or rehabilitation of on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development of the project. These facilities include, but are not limited to, mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage.

Wastewater System Improvements

Purchase, construction, reconstruction, expansion, improvement, or rehabilitation of on- and off-site backbone wastewater facilities designed to meet the needs of development of the project. These facilities include, but are not limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; sewer treatment plant improvements and permitting related thereto; and related sewer system improvements.

Development Impact Fees

Purchase, construction, reconstruction, expansion, improvement, or rehabilitation of facilities that are funded with the proceeds of development impact fees paid and not otherwise reimbursed, whether standard City or other fees levied at the time of the issuance of a building permit or required as part of the Standard Conditions of Approval for the property. Fees include Capital Improvements, Transportation, Water Connection/Meter Charge, Sewer Connection Inspection, but do not include applicable Affordable Housing Impact Fees.

Miscellaneous

The authorized Facilities shall include all hard costs and soft costs associated with the facilities, including the costs of the acquisition of land, easements and rights-of-way, the costs of design, project management, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, insurance, and any other costs or appurtenances related to any of the foregoing.

Facilities Special Taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the CFD.

AUTHORIZED SERVICES

Special Taxes collected in the CFD (and each Improvement Area therein) may finance, in whole or in part, the following services ("services" shall have the meaning given that term in the Mello-Roos Community Facilities Act of 1982):

- Operation, maintenance and lighting of parks, parkways, streets, emergency vehicle access easements, roads, bridges, trails and open space.
- Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems (including landscape maintenance and replacement).

Maintenance as used herein includes replacement and the creation and funding of a reserve fund to pay for a replacement of such facilities. The Services Special Taxes shall only fund authorized Services to the extent that they are in addition to those provided to land within the CFD prior to the creation of the CFD.

ADMINISTRATIVE AND INCIDENTAL EXPENSES

The CFD (and each Improvement Area therein) may also finance any of the following:

1. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, bond remarketing costs, and all other incidental expenses.
2. Administrative fees of the City and the bond trustee or fiscal agent related to the CFD and the Bonds.
3. Reimbursement of costs related to the formation of the CFD (and each Improvement Area therein) advanced by the City, the landowner(s) in the CFD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the CFD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the CFD (or each Improvement Area therein).
4. All “costs” and “incidental expenses” related to the eligible facilities as those terms are defined in the Act.

Special Taxes may be collected and set-aside in designated funds and collected over several years, and used to fund facilities or services authorized to be financed by the CFD.

EXHIBIT B

**CITY OF OAKLAND
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)**

Facilities

The following is a summary of the estimated costs of acquisition and construction of the Facilities. In addition to the acquisition and construction costs of the Facilities, the City will finance bond issuance costs, capitalized interest, a debt service reserve fund and other costs associated with the sale of bonds and other debt and annual administration of the CFD.

<u>Facility</u>	<u>Estimated Cost</u>
Transportation Improvements	\$50,787,000
Water System Improvements	14,616,000
Drainage System Improvements	23,627,000
Wastewater System Improvements	7,687,000
Miscellaneous Costs	36,004,000
Development Impact Fees	<u>25,633,000</u>
Total	\$158,354,000

Services

It is estimated that the cost of providing the Services to the territory in the CFD will be the following, with the cost escalating annually thereafter.

<u>Service</u>	<u>Estimated Cost</u>
Maintenance Services	\$444,420
Contingent-Repair/Replacement (20%)	88,884
City Administration	75,000
County Administration (Special Tax Collection)	<u>10,341</u>
Total	\$618,645

Other

The City estimates the costs of incidental expenses to be paid by the CFD include the following:

- Administrative fees of the City and the bond trustee or fiscal agent related to the CFD and the Bonds. These annual costs are estimated as follows:

Description	Cost(1)
CFD Administrator (2)	\$25,000
Fiscal Agent/Trustee (3)	9,000
Treasury Administration (4)	75,000
Project Management (5)	35,000
Department of Public Works (6)	75,000
Arbitrage Rebate Reports (7)	2,100
Miscellaneous/Contingency	3,900
County Auditor-Controller, Tax Collector (8)	<u>80,000</u>
Total	305,000

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- (1) Services CFD and 3 improvement areas/3 bond series for Facilities CFD.
 - (2) Including continuing disclosure
 - (3) \$3,000 per year per bond series.
 - (4) \$25,000 per year per improvement area
 - (5) Charged to administration to the extent not paid from bond proceeds.
 - (6) Services CFD only.
 - (7) \$3,500 per IA every 5 years
 - (8) 1.7% of the amount levied (assumes 21-22 tax rates)

- Bond related expenses, including but not limited to, underwriters discount, bond and disclosure counsel fees and expenses, municipal advisor, special tax consultant and appraisal fees and, if applicable, letter of credit fees and expenses and bond remarketing costs. Some of these costs are based upon percentages of the principal amount of each series of bond issue. Total bond issuance costs are not expected to exceed 5% of the principal amount of the bonds.
- Funds set aside for security for and payment of bonds: Reserve fund equal to no more than the lesser of (i) ten per cent of the principal amount of the bond, (ii) maximum annual debt service; and (iii) 125% of average annual debt service. Capitalized interest to fund the initial interest payment(s) on the bonds.

EXHIBIT C-1

Improvement Area No. 1 of the
City of Oakland
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)
Alameda County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX (FACILITIES SPECIAL TAX)

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 as amended (Act) applicable to the land in Improvement Area No. 1 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“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 or other Development Plan.

“Acquisition Agreement” means that document or contractual agreement entered into by the City and a landowner identifying Authorized Facilities to be constructed and eligible to be acquired with CFD Facilities Special Tax revenues.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code.

“Administrative Expenses” means the actual or reasonably estimated costs (including attorney fees) related to the administration of the CFD, including, but not limited to:

- a. Costs of computing Facilities Special Taxes and preparing annual Facilities Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise), including the costs of foreclosure actions.
- c. Costs of remitting the Special Taxes to the Trustee.

- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements.
- f. Costs to the City, CFD, or any designee thereof of complying with City, CFD, or major property owner disclosure requirements and State of California reporting requirements.
- g. Costs associated with preparing Special Tax disclosure statements.
- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means an official of the City responsible for determining the Annual Facilities Costs, providing for the levy and collection of the Special Tax, and performing the other duties provided for herein.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these for Improvement Area No. 1:

- a. Debt Service to be paid from Facilities Special Taxes in the calendar year that begins in such Fiscal Year.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.
- d. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year as part of this subsection (d) or as part of subsection (b), and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.

- e. The amount needed to pay the costs of acquisition, construction and improvement of Authorized Facilities provided that such amount does not cause an increase in the levy on Final Use Small Lot Parcels, Large Lot Parcels, or Undeveloped Parcels.
- f. The amounts listed in clause (a)-(f) may be reduced in any Fiscal Year as a result of any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

“Anticipated Construction Proceeds” means for the purposes of a Prepayment, that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds for Improvement Area No. 1 is equal to \$24.7 million at formation of the CFD. On each July 1, the Administrator shall calculate the Anticipated Construction Proceeds for the Fiscal Year by increasing the Anticipated Construction Proceeds amount for the prior Fiscal Year by the average increase in the ENR-CCI for the prior calendar year. In the event that the ENR-CCI is a negative number, the Anticipated Construction Proceeds amount for a fiscal year shall be equal to the Anticipated Construction Proceeds amount for the prior fiscal year.

“Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in preparing the tax roll.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means, for a Parcel, the parcel number as assigned by the County Assessor on the equalized tax roll.

“Assigned Maximum Annual Facilities Special Tax” means the maximum Facilities Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, as shown in **Attachment 1**.

“Authorized Facilities” means those facilities and capital fees to be financed, as identified in the resolution forming the CFD.

“Base Year” means the Fiscal Year beginning July 1, 2021, and ending June 30, 2022.

“Benefit Share” means the Maximum Annual Facilities Special Tax for a Parcel divided by the Maximum Annual CFD Special Tax Revenue.

“Bond(s)” means any bond(s) issued by the City for the CFD secured by Special Taxes levied in Improvement Area No. 1 under the Act and any other debt incurred by the City for the CFD secured by Special Taxes levied in Improvement Area No. 1, as defined in the Act.

“Bond Indenture(s)” means the indenture(s), resolution(s), fiscal agent agreement(s), or other financing document(s) pursuant to which any Bonds are issued.

“Bond Share” means the share of Outstanding Bonds assigned to a Parcel as specified in **Section 7** hereof.

“**Building Permit**” means a building permit issued by the City for the new construction of a Residential Use structure.

“**CFD**” means City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services).

“**City**” means the City of Oakland in Alameda County, California.

“**Condominium Plan**” means a description or survey map of a condominium project which identifies Residential Use Parcels (Civil Code Section 4285).

“**Council**” means the City Council of the City.

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

“**Debt Service**” means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

“**Developed Parcel**” means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Building Permit was issued for new construction of a structure before May 1 of the preceding Fiscal Year.
- b. For Multifamily For-Rent Parcels and Multifamily For-Sale Parcels: All Parcels for which a Building Permit for new construction of a structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“**Development Plan**” means a Condominium Plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels and Multifamily For-Rent Parcels or Multifamily For-Sale Parcels.

“**ENR-CCI**” means the Engineering News Record—Construction Cost Index for San Francisco in the prior calendar year, as determined on July 1 of the current Fiscal Year.

“**Expected Land Use(s)**” means the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 1** of this RMA.

“**Facilities Special Tax**” means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes for the Base Year are shown in **Attachments 1** and **2**.

“**Final Use Small Lot Parcel**” means (i) a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map and (ii) a Parcel established by a Condominium Plan that has received all final entitlements that allow for the issuance of a Building Permit for new residential construction.

“**Final Small Lot Subdivision Map**” means (i) a recorded map designating the final Parcel subdivision for individual Single-Family Parcels and (ii) a Condominium Plan that defines final use

Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction.

“First Bond Sale” means issuance of the first series of Bonds secured, in whole or in part, by Facilities Special Taxes levied and collected from Parcels in Improvement Area No. 1.

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

“Full Prepayment” means the complete fulfillment of a Parcel’s Facilities Special Tax obligation.

“Improvement Area No. 1” means the area designated as such on **Map 1**. The area included in Improvement Area No. 1 is included in the initial boundaries of the CFD.

“Improvement Fund” means the account (regardless of its name) identified in the Bond Indenture to hold funds which are available to acquire or construct Authorized Facilities.

“Large Lot Parcel” means a Parcel created by a Large Lot Subdivision Map.

“Large Lot Subdivision Map” means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

“Maximum Annual Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 1** or **2**.

“Maximum Annual Facilities Special Tax Rate” means the rate of Facilities Special Tax charged per Unit or Acre, as shown in **Attachments 1** or **2**.

“Maximum Annual Facilities Special Tax Revenue” means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

“Maximum Annual CFD Special Tax Revenue” means the sum of the Maximum Annual Facilities Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

“Multifamily For-Rent” or **“Multifamily For-Rent Parcel”** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor’s Parcel Number.

“Multifamily For-Sale” or **“Multifamily For-Sale Parcel”** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor’s Parcel Number as is the case in residential condominium projects. Once

designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

“**Nonresidential Use**” or “**Nonresidential Use Parcel**” means a Parcel zoned for land uses other than Residential Uses.

“**Original Parcel**” means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

“**Outstanding Bonds**” means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

“**Parcel**” means any Assessor’s Parcel in Improvement Area No. 1 of the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“**Parcel Reconfiguration**” means a Subdivision, lot line adjustment, merger, or other Parcel decomposition that results in the creation of new Successor Parcels.

“**Partial Prepayment**” means the partial fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

“**Prepayment**” means the full or partial fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

“**Price Point Study**” means an analysis, prepared by an independent firm selected by the City, to verify the estimated average sales price within each Tax Category of Residential Uses given the project location and current market conditions.

“**Proportionately**” means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Developed Parcels. For Final Use Small Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Small Lot Final Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Undeveloped Parcels.

“**Public Parcel**” means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

“**Remainder Parcel**” means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

“Remainder Taxes” means, after September 1st and before December 31st of any Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (i) pay debt service on the Bonds that was due in the calendar year in which the Remainder Taxes are being calculated, (ii) replenish Bond reserves, or (iii) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to the receipt of additional Facilities Special Tax proceeds.

“Remaining Facilities Cost Share” means the Remaining Facilities Costs multiplied by the Benefit Share.

“Remaining Facilities Costs” means the amount of Anticipated Construction Proceeds less (i) construction proceeds from previous CFD Bond issuances and (ii) Remainder Taxes or prepayments previously collected or levied and applied to construction.

“Reserve Fund” means any debt service reserve fund established pursuant to the Bonds.

“Reserve Fund Requirement” means the amount required to be held in any Reserve Fund pursuant to the Bond Indenture.

“Reserve Fund Share” means the amount on deposit in any Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Parcel.

“Residential Use” or **“Residential Use Parcel”** means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments.

“RMA” means this Rate and Method of Apportionment, and Manner of Collection of Special Tax.

“Single-Family Parcel” means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Unit that is a Residential Use parcel.

“Subdivision” or **“Subdivided”** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels. For multifamily residential uses, a Condominium Plan may define final use Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction. A Subdivision may also include Parcels created by a Parcel Reconfiguration.

“Successor Parcel” means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

“Tax Category” means the categories of taxable land uses shown in **Attachments 1 and 2**.

“Tax Collection Schedule” means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Facilities Special Taxes each Fiscal Year.

“Tax Escalation Factor” means a factor of 2 percent by which the Maximum Annual Facilities Special Tax shall be increased annually. The Administrator should refer to **Section 4.a** for application of the Tax Escalation Factor.

“Taxable Acreage” means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. For purposes of illustration, a Large Lot

Parcel Map may create a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses, in which case the Taxable Acreage is equal to the acreage determined by the Administrator to become a Taxable Parcel or Taxable Parcels upon future Subdivision.

Taxable Parcel means any Parcel that is not a Tax-Exempt Parcel.

Tax-Exempt Parcel means a Parcel not subject to the Facilities Special Tax. Tax-Exempt Parcels include (a) Public Parcels, (b) Parcels owned by the City, school districts, special districts, or the state or federal government and (c) Welfare Exemption Parcels in the circumstances set forth in Section 53340(c) of the Act. A Taxable Parcel that is acquired by a public agency, or becomes a Welfare Exemption Parcel shall remain a Taxable Parcel as per the provisions of **Section 4.f**.

Total Tax Burden means, for any Tax Category, the ratio of the Total Taxes to the average sales prices (as determined by the Price Point Study) for such Tax Category.

Total Taxes means, for any Tax Category, the Facilities Special Tax for such Tax Category, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, or any other taxes, fees and charges which would be collected by the County on property tax bills for a Residential Use parcel, and which are payable from and secured by the property assuming such Residential Use had been completed, sold, and subject to such levies and impositions, excluding service charges such as sewer and trash, and voluntary assessments such as those associated with a Property Assessed Clean Energy program.

Trustee means a state or national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

Undeveloped Parcel means a Taxable Parcel that is not a Developed Parcel, Final Use Small Lot Parcel, or a Large Lot Parcel.

Unit means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

Welfare Exemption Parcel means, in any Fiscal Year, a Parcel that has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place.

3. Duration of the Facilities Special Tax

The Facilities Special Tax will be levied and collected for as long as it is needed to pay Annual Facilities Costs; however, in no event shall the Facilities Special Tax be levied on any Parcel in the CFD after Fiscal Year 2069-70.

When all Annual Facilities Costs incurred by the CFD and payable from the Facilities Special Tax levied in Improvement Area No. 1 have been paid, the Facilities Special Taxes shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Facilities Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien on property in Improvement Area No. 1 is

extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of Improvement Area No. 1 of the CFD is recorded.

4. Administrative Tasks for the Facilities Special Tax

Tasks required of the Administrator are discussed below:

- a. Annual Facilities Special Tax Escalation. The Administrator shall increase the Maximum Annual Facilities Special Tax and Maximum Annual Facilities Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 1** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. **Map 1** shows the geographic locations of Large Lot Parcels at formation of the CFD. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel in that Large Lot Parcel on a pro rata basis based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.

Map 2 shows the location of Improvement Area No. 1. The map also shows a circled area that identifies a 2,046 square foot portion of Improvement Area No. 1 that is to be removed from the CFD upon the recordation of the Large Lot Subdivision Map creating Large Lot Parcels for Improvement Area No. 1.

- c. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
 1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels or Multifamily For-Sale Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum Annual CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels or Multifamily For-Sale Parcels. The

Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels and Multifamily For-Sale Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:

- A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels or Multifamily For-Sale Parcel created by the Subdivision.
 - B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.c.A above to each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
 - C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
2. If an Original or Successor Parcel Is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels, or Multifamily For-Sale Parcels, and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels, or Multifamily For-Sale Parcels, and to the area(s) that will be Large Lot Parcels or Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**)

apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.c.2.B above to each Single-Family Parcel created by the Subdivision.

- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is less than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- E. For the Large Lot Parcels or Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.c.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.c.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

- d. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 2** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units is transferred from one Large Lot Parcel to another before recording of a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the Administrator, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachment 1** or **2** Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1** or **2**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.

- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel that is a Public Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. If a Parcel that was categorized in a prior Fiscal Year as a Welfare Exemption Parcel no longer has a welfare exemption in place, the Parcel shall become subject to the Facilities Special Tax. In each case, the Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4** and **5** of the RMA.

- f. Conversion of a Taxable Parcel to a Tax-Exempt Parcel. A Taxable Parcel that becomes a Public Parcel after the CFD is formed will remain subject to the applicable Facilities Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. However, prior to the First Bond Sale, Taxable Parcels may be converted to Tax-Exempt Parcels without restriction. A Taxable Parcel that becomes a Welfare Exemption Property after Bonds are issued and maintains its welfare exemption will remain subject to the Facilities Special Tax unless the Facilities Special Tax obligation is satisfied pursuant to Section 53340(c) of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

5. Assignment of the Maximum Annual Facilities Special Tax

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
 - 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 - 2. Each Parcel to be classified as a Developed Parcel, a Final Use Small Lot Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.

- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.

- c. Possible Reduction of the Facilities Special Tax prior to the First Bond Sale. Maximum Annual Facilities Special Taxes will be evaluated to determine if the Total Tax Burden exceeds 2-percent for any Residential Use Tax Category prior to the First Bond Sale for Improvement Area No. 1. A Price Point Study will be conducted to determine the average sales price for Residential Uses in each Tax Category. The average sales price established by the Price Point Study will be used to determine the Total Tax Burden for each Residential Use Tax Category. If Price Point Study shows that a Tax Category exceeds the Total Tax Burden of 2-percent,

the Maximum Annual Facilities Special Tax for that Tax Category shall be reduced such that the Total Tax Burden for that Tax Category is no greater than 2-percent. **Attachments 1 and 2** shall be updated to reflect the new Maximum Annual Facilities Special Tax for each affected Tax Category.

6. Calculating Maximum Annual Facilities Special Taxes

This section discusses the levy of the Facilities Special Tax for Improvement Area No. 1.

The Administrator will compute the Annual Facilities Costs and determine the Maximum Annual Facilities Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4 and 5**.

The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs for Improvement Area No. 1 using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:

Step 6.b.1. In the first five (5) Fiscal Years in which a Facilities Special Tax is levied within Improvement Area No. 1, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Beginning in the sixth (6th) Fiscal Year in which a Facilities Special Tax is levied within Improvement Area No. 1, the Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Annual Facilities Costs, the calculation of which may include funding for Authorized Facilities designated for funding, as determined in the sole discretion of the City. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Step 6.b.2. If additional revenue is needed after *Step 6.b.1.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Final Use Small Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*,

equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Final Use Small Lot Parcels.

Step 6.b.3. If additional revenue is needed after *Step 6.b.2.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels.

Step 6.b.4. If additional revenue is needed after *Step 6.b.3.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 6.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels.

- c. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Facilities Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Facilities Special Tax assignments in accordance with **Section 8**.

7. Prepayment of the Facilities Special Tax Obligation

The City may allow a Full or Partial Prepayment if the City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years where there will be Outstanding Bonds. Prepayments must be made by May 1 to have the Prepayment reflected in the following Fiscal Year's Special Tax levy. Prepayment is permitted only under the following conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel before Prepayment.
- Following Prepayment, amounts in the reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years in which issued Bonds will be outstanding.

When permitted, the Administrator shall calculate Prepayments using the following steps:

- a. The Full Prepayment amount prior to the issuance of the first series of Bonds shall be established by following the steps below:
 - Step 7.a.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**, treating such Parcel as a Developed Parcel.
 - Step 7.a.2. Divide the amount from *Step 7.a.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Full Prepayment Parcel.
 - Step 7.a.3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, by the Benefit Share to determine the Full Prepayment amount.
 - Step 7.a.4. Add to the amount determined in *Step 7.a.3.* any costs to the City, including the costs of any City consultants, associated with the preparation of the Full Prepayment calculation.

- b. The Full Prepayment amount after the issuances of Bonds shall be calculated using the following procedures:
 - Step 7.b.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**. If the Parcel is not a Developed Parcel, assign the Maximum Annual Facilities Special Tax for the Tax Category for the Prepayment Parcel assuming the Parcel is a Developed Parcel for the Tax Category.
 - Step 7.b.2. Divide the amount from *Step 7.b.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Parcel.
 - Step 7.b.3. Multiply the Benefit Share by the total amount of Outstanding Bonds to determine the Bond Share for the Full Prepayment Parcel.
 - Step 7.b.4. Multiply the Benefit Share by the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, to determine the Remaining Facilities Cost Share for the Full Prepayment Parcel.
 - Step 7.b.5. Sum the Bond Share and Remaining Facilities Cost Share from *Steps 7.b.3.* and *7.b.4.*
 - Step 7.b.6. Determine the total amount of Bonds to be called by rounding the amount summed in *Step 7.b.5.* down to the nearest \$5,000.
 - Step 7.b.7. Multiply the amount calculated in *Step 7.b.6.* by the call premium for the next available call date.
 - Step 7.b.8. Determine the Reserve Fund Share for the Full Prepayment Parcel by multiplying the Reserve Fund Requirement by the Benefit Share.

Step 7.b.9. Reduce the amount calculated in *Step 7.b.5.* by the amount of the Reserve Fund Share in *Step 7.b.8.*, provided the amount in the Reserve Fund equals the Reserve Fund Requirement after reduction, and the Indenture allows for the transfer of a like amount to be used for bond prepayment

Step 7.b.10. Determine the Full Prepayment amount by adding to the amount calculated in *Step 7.b.9.* any fees, call premiums, and interest to the next Bond call date not covered by Facilities Special Taxes already levied and collected for the prepaying Parcel, and expenses incurred by the CFD in connection with the Full Prepayment calculation or the application of the proceeds of the Full Prepayment to the call of Outstanding Bonds.

Step 7.b.11. If the Facilities Special Taxes already have been levied but not collected, the Parcel shall not become a Full Prepayment Parcel until the owner of the Parcel has paid the Facilities Special Taxes included on the current property tax bill in addition to the Full Prepayment amount.

c. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to 25 percent or 50 percent of the Full Prepayment amount determined in *Step 7.a.9.* A Partial Prepayment may only be made in an amount equal to 25 percent or 50 percent of the Full Prepayment desired by the party making a Partial Prepayment, except that the full amount of Administrative fees and expenses determined in *Step 7.a.10* shall be included in the Partial Prepayment.

The Maximum Annual Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Facilities Special Tax that could have been levied before the Prepayment, reduced by the percentage of the Full Prepayment that the Partial Prepayment represents, all as determined by or at the direction of the Administrator. For example, if the Partial Prepayment is equal to 25 percent, the Facilities Special Tax applied to the Parcel would be 75 percent of the Maximum Annual Facilities Special Tax.

8. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Facilities Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Facilities Special Tax. The Administrator then will promptly review the appeal and, if necessary, will meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Facilities Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Facilities Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Facilities Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Facilities Special Tax Revenue.

9. Manner of Collection

The Facilities Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may, without Council approval, directly bill the Facilities Special Tax and may collect the Facilities Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

**Attachment 1
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 1
Maximum Annual Facilities Special Tax by Large Lot Parcel - Base Year 2021-22**

Large Lot Number	Original Parcel APN(s)	Tax Category	Acres	No. of Units	Maximum Annual Facilities Special Tax per Unit [1]	Maximum Annual Facilities Special Tax per Large Lot [1]
6		Townhome	4.6	74	\$4,754.88	\$351,861.12
7		SFD-40	5.5	27	\$5,595.62	\$151,081.74
9		SMLD Court	2.7	35	\$5,520.30	\$193,210.50
10		SMLD Court	1.9	23	\$5,520.30	\$126,966.90
11		SMLD Alley	1.2	18	\$5,306.55	\$95,517.90
12		Townhome	2.7	38	\$4,754.88	\$180,685.44
19		SMLD Alley	1.4	22	\$5,306.55	\$116,744.10
23		SMLD Alley	1.9	31	\$5,306.55	\$164,503.05
24		SMLD Alley	1.6	26	\$5,306.55	\$137,970.30
5	Por. 043A-4675-003-	Commercial	8.2	0	\$0.00	\$0.00
A	023, 43A-4675-047-	Creek	17.5	0	\$0.00	\$0.00
D	01	Community Park	0.3	0	\$0.00	\$0.00
G		Open Space	0.2	0	\$0.00	\$0.00
H		Community Park	2.8	0	\$0.00	\$0.00
L		Open Space	0.8	0	\$0.00	\$0.00
M		Community Park	0.5	0	\$0.00	\$0.00
N		Community Park	1.1	0	\$0.00	\$0.00
M-1		ROW	4.7	0	\$0.00	\$0.00
M-2		ROW	4.3	0	\$0.00	\$0.00
M-7		ROW	0.7	0	\$0.00	\$0.00
Totals			64.6	294		\$1,518,541.05

"att1"

[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

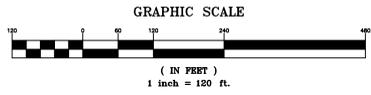
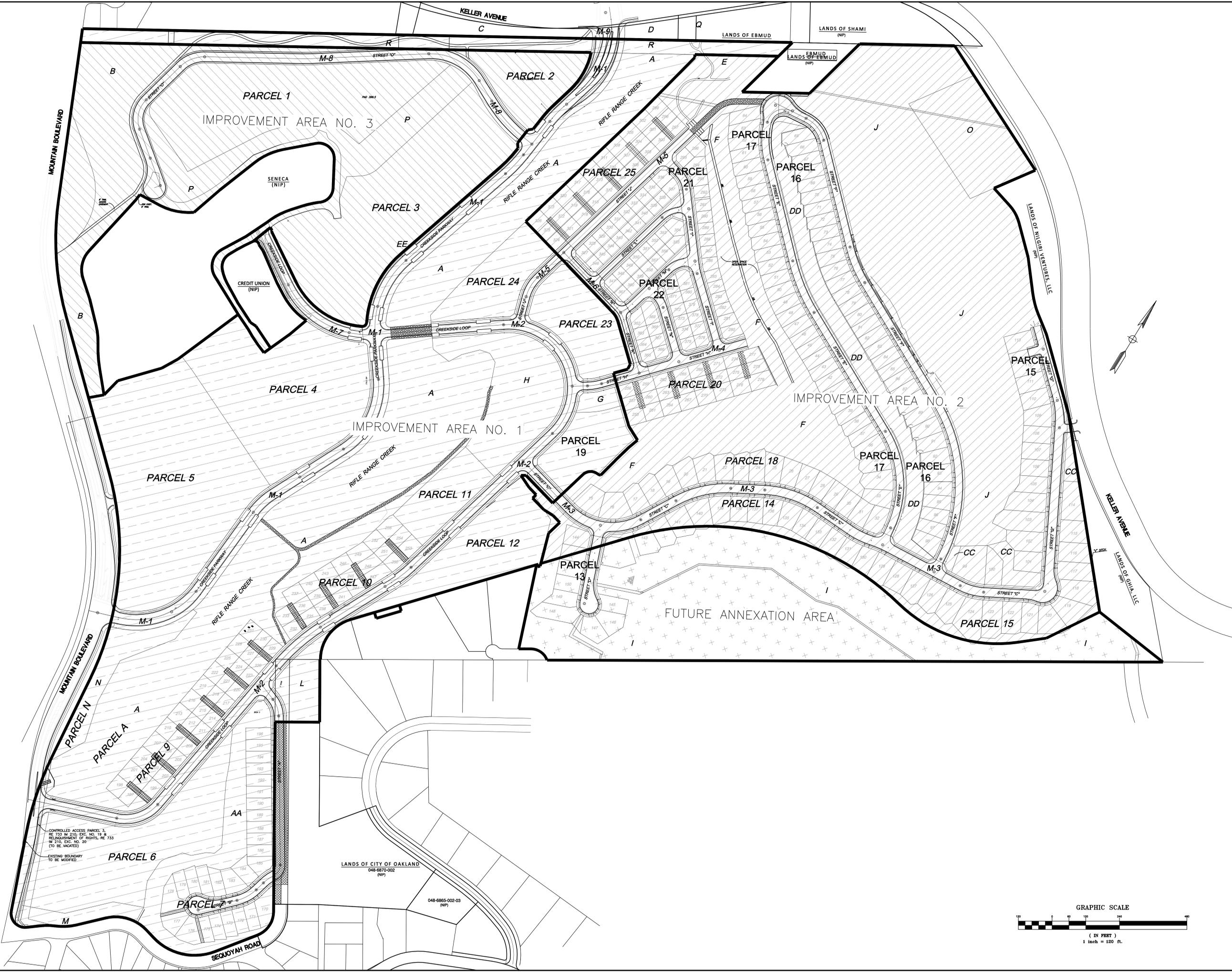
Attachment 2
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 1
Maximum Annual Facilities Special Tax by Tax Category - Base Year 2021-22

Tax Category	Maximum Annual Facilities Special Tax per Unit [1]
SFR - 4,000 sf lot (SFD-40)	\$5,595.62
SFR - 4,500 sf lot (SFD-45)	\$6,441.13
SFR - 5,500 sf lot (SFD-55)	\$7,094.16
SFR - 6,000 sf lot (SFD-60)	\$7,205.91
SMLD Court	\$5,520.30
SMLD Alley	\$5,306.55
Townhome	\$4,754.88

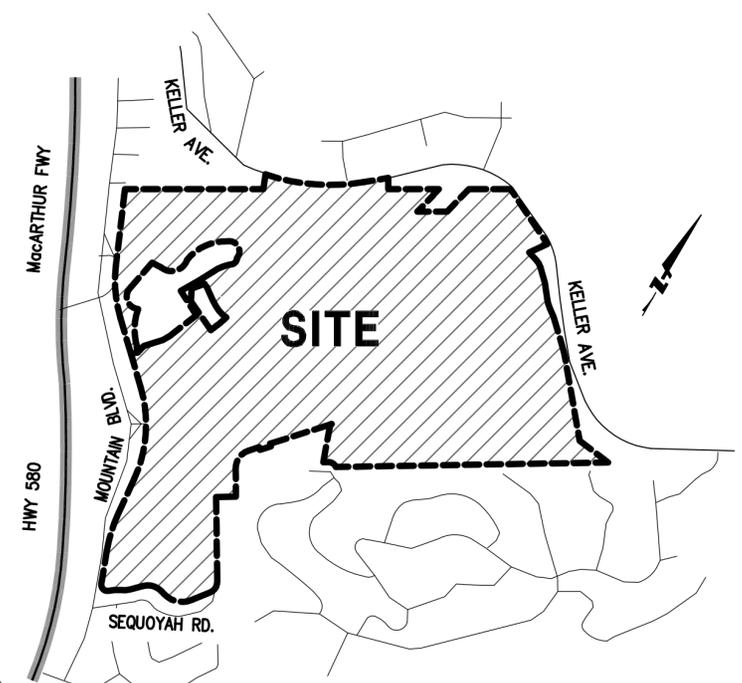
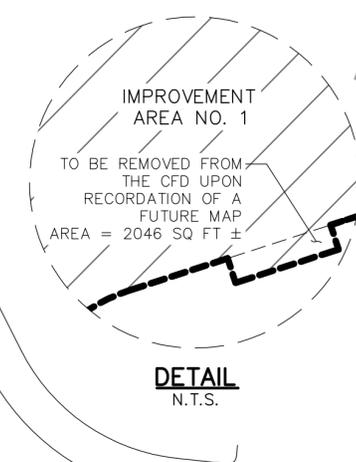
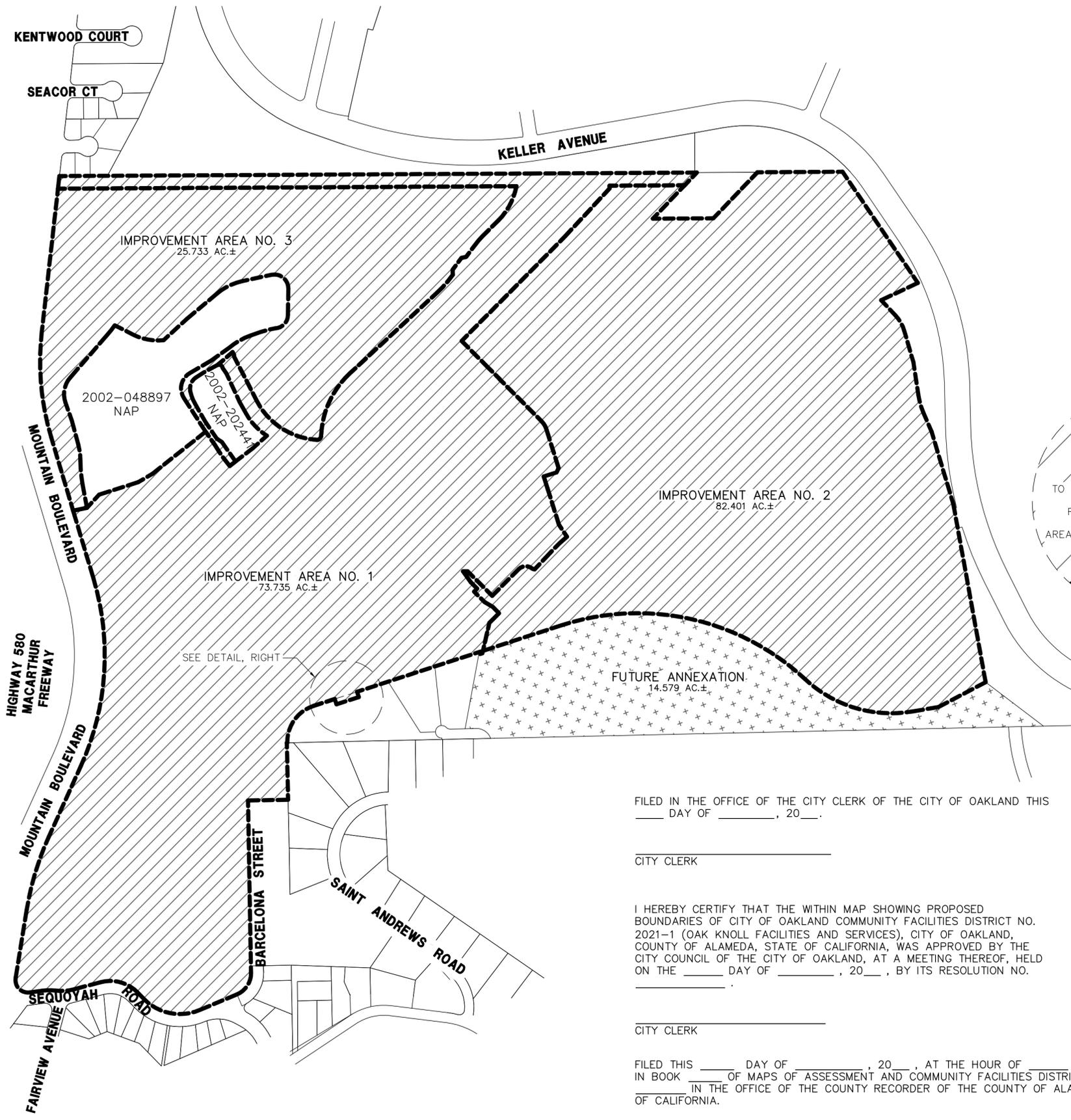
"att2"

[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

Date: 06/09/17	Revisions
Scale:	09/25/17 City Submittal #3
Design: N	01/30/17 City Submittal #2
Drawn: AN/EA	05/16/16 City Submittal
Approved: JN	
Job No: 20086154	
Drawing Number:	



CONTROLLED ACCESS PARCEL 3, RE 733 IM 210, EXC. NO. 18 & RELINQUISHMENT OF RIGHTS, RE 733 IM 210, EXC. NO. 20 (TO BE VACATED)
 EXISTING BOUNDARY TO BE MODIFIED
 LANDS OF CITY OF OAKLAND 048-6870-002 (NIP)
 048-6865-002-03 (NIP)



VICINITY MAP
N.T.S.

LEGEND

- DISTRICT BOUNDARY - CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1(OAK KNOLL FACILITIES AND SERVICES)"
- ADJACENT LOT LINES
- FUTURE LOT LINE
- NAP
- APN
- NOT A PART ASSESSOR PARCEL NUMBER

APN TABLE

IMPROVEMENT AREA NO. 1	043A-4675-003-23 & 048-6870-001
IMPROVEMENT AREA NO. 2	043A-4675-003-23
IMPROVEMENT AREA NO. 3	043A-4675-003-23
FUTURE ANNEXATION	043A-4675-047-01

NOTES:

FOR PARTICULARS OF LINES AND DIMENSIONS OF PARCELS, REFERENCE IS MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICIAL RECORDS OF THE COUNTY OF ALAMEDA. THOSE MAPS AND DEEDS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA

LYING ENTIRELY WITHIN THE CITY OF OAKLAND ALAMEDA COUNTY, CALIFORNIA

SCALE: NOT TO SCALE SEPTEMBER 2021

BKF 1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF OAKLAND THIS ____ DAY OF _____, 20__.

CITY CLERK

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF OAKLAND, AT A MEETING THEREOF, HELD ON THE ____ DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF ALAMEDA

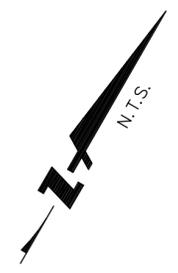


EXHIBIT C-2

Improvement Area No. 2 of the
City of Oakland
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)
Alameda County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX (FACILITIES SPECIAL TAX)

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 as amended (Act) applicable to the land in Improvement Area No. 2 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“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 or other Development Plan.

“Acquisition Agreement” means that document or contractual agreement entered into by the City and a landowner identifying Authorized Facilities to be constructed and eligible to be acquired with CFD Facilities Special Tax revenues.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code.

“Administrative Expenses” means the actual or reasonably estimated costs (including attorney fees) related to the administration of the CFD, including, but not limited to:

- a. Costs of computing Facilities Special Taxes and preparing annual Facilities Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise), including the costs of foreclosure actions.
- c. Costs of remitting the Special Taxes to the Trustee.

- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements.
- f. Costs to the City, CFD, or any designee thereof of complying with City, CFD, or major property owner disclosure requirements and State of California reporting requirements.
- g. Costs associated with preparing Special Tax disclosure statements.
- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means an official of the City responsible for determining the Annual Facilities Costs, providing for the levy and collection of the Special Tax, and performing the other duties provided for herein.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these for Improvement Area No. 2:

- a. Debt Service to be paid from Facilities Special Taxes in the calendar year that begins in such Fiscal Year.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.
- d. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year as part of this subsection (d) or as part of subsection (b), and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.

- e. The amount needed to pay the costs of acquisition, construction and improvement of Authorized Facilities provided that such amount does not cause an increase in the levy on Final Use Small Lot Parcels, Large Lot Parcels, or Undeveloped Parcels.
- f. The amounts listed in clause (a)-(f) may be reduced in any Fiscal Year as a result of any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

“Anticipated Construction Proceeds” means for the purposes of a Prepayment, that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds for Improvement Area No. 2 is equal to \$26.4 million at formation of the CFD. On each July 1, the Administrator shall calculate the Anticipated Construction Proceeds for the Fiscal Year by increasing the Anticipated Construction Proceeds amount for the prior Fiscal Year by the average increase in the ENR-CCI for the prior calendar year. In the event that the ENR-CCI is a negative number, the Anticipated Construction Proceeds amount for a fiscal year shall be equal to the Anticipated Construction Proceeds amount for the prior fiscal year.

“Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in preparing the tax roll.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means, for a Parcel, the parcel number as assigned by the County Assessor on the equalized tax roll.

“Assigned Maximum Annual Facilities Special Tax” means the maximum Facilities Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, as shown in **Attachment 1**.

“Authorized Facilities” means those facilities and capital fees to be financed, as identified in the resolution forming the CFD.

“Base Year” means the Fiscal Year beginning July 1, 2021, and ending June 30, 2022.

“Benefit Share” means the Maximum Annual Facilities Special Tax for a Parcel divided by the Maximum Annual CFD Special Tax Revenue.

“Bond(s)” means any bond(s) issued by the City for the CFD secured by Special Taxes levied in Improvement Area No. 2 under the Act and any other debt incurred by the City for the CFD secured by Special Taxes levied in Improvement Area No. 2, as defined in the Act.

“Bond Indenture(s)” means the indenture(s), resolution(s), fiscal agent agreement(s), or other financing document(s) pursuant to which any Bonds are issued.

“Bond Share” means the share of Outstanding Bonds assigned to a Parcel as specified in **Section 7** hereof.

“**Building Permit**” means a building permit issued by the City for the new construction of a Residential Use structure.

“**CFD**” means City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services).

“**City**” means the City of Oakland in Alameda County, California.

“**Condominium Plan**” means a description or survey map of a condominium project which identifies Residential Use Parcels (Civil Code Section 4285).

“**Council**” means the City Council of the City.

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

“**Debt Service**” means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

“**Developed Parcel**” means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Building Permit was issued for new construction of a structure before May 1 of the preceding Fiscal Year.
- b. For Multifamily For-Rent Parcels and Multifamily For-Sale Parcels: All Parcels for which a Building Permit for new construction of a structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“**Development Plan**” means a Condominium Plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels and Multifamily For-Rent Parcels or Multifamily For-Sale Parcels.

“**ENR-CCI**” means the Engineering News Record—Construction Cost Index for San Francisco in the prior calendar year, as determined on July 1 of the current Fiscal Year.

“**Expected Land Use(s)**” means the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 1** of this RMA.

“**Facilities Special Tax**” means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes for the Base Year are shown in **Attachments 1** and **2**.

“**Final Use Small Lot Parcel**” means (i) a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map and (ii) a Parcel established by a Condominium Plan that has received all final entitlements that allow for the issuance of a Building Permit for new residential construction.

“**Final Small Lot Subdivision Map**” means (i) a recorded map designating the final Parcel subdivision for individual Single-Family Parcels and (ii) a Condominium Plan that defines final use

Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction.

"First Bond Sale" means issuance of the first series of Bonds secured, in whole or in part, by Facilities Special Taxes levied and collected from Parcels in Improvement Area No. 2.

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

"Full Prepayment" means the complete fulfillment of a Parcel's Facilities Special Tax obligation.

"Future Annexation Area" means that area on **Map 2** showing a portion of Improvement Area No. 2 that is to be annexed to the CFD.

"Improvement Area No. 2" means the area designated as such on **Map 1**. A portion of area included in Improvement Area No. 2 is included in the initial boundaries of the CFD. A Future Annexation Area, shown on **Map 2**, will be annexed to Improvement Area No. 2.

"Improvement Fund" means the account (regardless of its name) identified in the Bond Indenture to hold funds which are available to acquire or construct Authorized Facilities.

"Large Lot Parcel" means a Parcel created by a Large Lot Subdivision Map.

"Large Lot Subdivision Map" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

"Maximum Annual Facilities Special Tax" means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 1** or **2**.

"Maximum Annual Facilities Special Tax Rate" means the rate of Facilities Special Tax charged per Unit or Acre, as shown in **Attachments 1** or **2**.

"Maximum Annual Facilities Special Tax Revenue" means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

"Maximum Annual CFD Special Tax Revenue" means the sum of the Maximum Annual Facilities Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"Multifamily For-Rent" or **"Multifamily For-Rent Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor's Parcel Number.

"Multifamily For-Sale" or **"Multifamily For-Sale Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may

consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor's Parcel Number as is the case in residential condominium projects. Once designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

"Nonresidential Use" or **"Nonresidential Use Parcel"** means a Parcel zoned for land uses other than Residential Uses.

"Original Parcel" means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

"Outstanding Bonds" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"Parcel" means any Assessor's Parcel in Improvement Area No. 2 of the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Reconfiguration" means a Subdivision, lot line adjustment, merger, or other Parcel decomposition that results in the creation of new Successor Parcels.

"Partial Prepayment" means the partial fulfillment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

"Prepayment" means the full or partial fulfillment of a Parcel's Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

"Price Point Study" means an analysis, prepared by an independent firm selected by the City, to verify the estimated average sales price within each Tax Category of Residential Uses given the project location and current market conditions.

"Proportionately" means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Developed Parcels. For Final Use Small Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Small Lot Final Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Undeveloped Parcels.

"Public Parcel" means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

"Remainder Parcel" means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will

be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

“Remainder Taxes” means, after September 1st and before December 31st of any Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (i) pay debt service on the Bonds that was due in the calendar year in which the Remainder Taxes are being calculated, (ii) replenish Bond reserves, or (iii) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to the receipt of additional Facilities Special Tax proceeds.

“Remaining Facilities Cost Share” means the Remaining Facilities Costs multiplied by the Benefit Share.

“Remaining Facilities Costs” means the amount of Anticipated Construction Proceeds less (i) construction proceeds from previous CFD Bond issuances and (ii) Remainder Taxes or prepayments previously collected or levied and applied to construction.

“Reserve Fund” means any debt service reserve fund established pursuant to the Bonds.

“Reserve Fund Requirement” means the amount required to be held in any Reserve Fund pursuant to the Bond Indenture.

“Reserve Fund Share” means the amount on deposit in any Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Parcel.

“Residential Use” or **“Residential Use Parcel”** means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments.

“RMA” means this Rate and Method of Apportionment, and Manner of Collection of Special Tax.

“Single-Family Parcel” means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Unit that is a Residential Use parcel.

“Subdivision” or **“Subdivided”** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels. For multifamily residential uses, a Condominium Plan may define final use Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction. A Subdivision may also include Parcels created by a Parcel Reconfiguration.

“Successor Parcel” means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

“Tax Category” means the categories of taxable land uses shown in **Attachments 1 and 2**.

“Tax Collection Schedule” means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Facilities Special Taxes each Fiscal Year.

“Tax Escalation Factor” means a factor of 2 percent by which the Maximum Annual Facilities Special Tax shall be increased annually. The Administrator should refer to **Section 4.a** for application of the Tax Escalation Factor.

"Taxable Acreage" means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. For purposes of illustration, a Large Lot Parcel Map may create a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses, in which case the Taxable Acreage is equal to the acreage determined by the Administrator to become a Taxable Parcel or Taxable Parcels upon future Subdivision.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Facilities Special Tax. Tax-Exempt Parcels include (a) Public Parcels, (b) Parcels owned by the City, school districts, special districts, or the state or federal government and (c) Welfare Exemption Parcels in the circumstances set forth in Section 53340(c) of the Act. A Taxable Parcel that is acquired by a public agency, or becomes a Welfare Exemption Parcel shall remain a Taxable Parcel as per the provisions of **Section 4.f**.

"Total Tax Burden" means, for any Tax Category, the ratio of the Total Taxes to the average sales prices (as determined by the Price Point Study) for such Tax Category.

"Total Taxes" means, for any Tax Category, the Facilities Special Tax for such Tax Category, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, or any other taxes, fees and charges which would be collected by the County on property tax bills for a Residential Use parcel, and which are payable from and secured by the property assuming such Residential Use had been completed, sold, and subject to such levies and impositions, excluding service charges such as sewer and trash, and voluntary assessments such as those associated with a Property Assessed Clean Energy program.

"Trustee" means a state or national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Final Use Small Lot Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

"Welfare Exemption Parcel" means, in any Fiscal Year, a Parcel that has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place.

3. Duration of the Facilities Special Tax

The Facilities Special Tax will be levied and collected for as long as it is needed to pay Annual Facilities Costs; however, in no event shall the Facilities Special Tax be levied on any Parcel in the CFD after Fiscal Year 2069-70.

When all Annual Facilities Costs incurred by the CFD and payable from the Facilities Special Tax levied in Improvement Area No. 2 have been paid, the Facilities Special Taxes shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax.

Such notice will state that the obligation to pay the Facilities Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien on property in Improvement Area No. 2 is extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of Improvement Area No. 2 of the CFD is recorded.

4. Administrative Tasks for the Facilities Special Tax

Tasks required of the Administrator are discussed below:

- a. Annual Facilities Special Tax Escalation. The Administrator shall increase the Maximum Annual Facilities Special Tax and Maximum Annual Facilities Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 1** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. **Map 1** shows the geographic locations of Large Lot Parcels at formation of the CFD. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel in that Large Lot Parcel on a pro rata basis based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.

Map 2 shows the location of the Future Annexation Area that will be annexed to Improvement Area No. 2.

- c. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
 1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels or Multifamily For-Sale Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum Annual CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels or Multifamily For-Sale Parcels. The

- Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels and Multifamily For-Sale Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:
- A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels or Multifamily For-Sale Parcel created by the Subdivision.
 - B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.c.A above to each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
 - C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
2. If an Original or Successor Parcel Is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels, or Multifamily For-Sale Parcels, and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels, or Multifamily For-Sale Parcels, and to the area(s) that will be Large Lot Parcels or Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**)

apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.c.2.B above to each Single-Family Parcel created by the Subdivision.

- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is less than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- E. For the Large Lot Parcels or Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.c.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.c.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

- d. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 2** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units is transferred from one Large Lot Parcel to another before recording of a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the Administrator, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachment 1** or **2** Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1** or **2**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.

- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel that is a Public Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. If a Parcel that was categorized in a prior Fiscal Year as a Welfare Exemption Parcel no longer has a welfare exemption in place, the Parcel shall become subject to the Facilities Special Tax. In each case, the Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4** and **5** of the RMA.

- f. Conversion of a Taxable Parcel to a Tax-Exempt Parcel. A Taxable Parcel that becomes a Public Parcel after the CFD is formed will remain subject to the applicable Facilities Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. However, prior to the First Bond Sale Taxable Parcels may be converted to Tax-Exempt Parcels without restriction. A Taxable Parcel that becomes a Welfare Exemption Property after Bonds are issued and maintains its welfare exemption will remain subject to the Facilities Special Tax unless the Facilities Special Tax obligation is satisfied pursuant to Section 53340(c) of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

5. Assignment of the Maximum Annual Facilities Special Tax

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
 - 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 - 2. Each Parcel to be classified as a Developed Parcel, a Final Use Small Lot Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.

- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.

- c. Possible Reduction of the Facilities Special Tax prior to the First Bond Sale. Maximum Annual Facilities Special Taxes will be evaluated to determine if the Total Tax Burden exceeds 2-percent for any Residential Use Tax Category prior to the First Bond Sale for Improvement Area No. 2. A Price Point Study will be conducted to determine the average sales price for Residential Uses in each Tax Category. The average sales price established by the Price Point Study will be used to determine the Total Tax Burden for each Residential Use Tax Category. If Price Point Study shows that a Tax Category exceeds the Total Tax Burden of 2-percent,

the Maximum Annual Facilities Special Tax for that Tax Category shall be reduced such that the Total Tax Burden for that Tax Category is no greater than 2-percent. **Attachments 1 and 2** shall be updated to reflect the new Maximum Annual Facilities Special Tax for each affected Tax Category.

6. Calculating Maximum Annual Facilities Special Taxes

This section discusses the levy of the Facilities Special Tax for Improvement Area No. 2.

The Administrator will compute the Annual Facilities Costs and determine the Maximum Annual Facilities Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4 and 5**.

The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs for Improvement Area No. 2 using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:

Step 6.b.1. In the first five (5) Fiscal Years in which a Facilities Special Tax is levied within Improvement Area No. 2, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Beginning in the sixth (6th) Fiscal Year in which a Facilities Special Tax is levied within Improvement Area No. 2, the Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Annual Facilities Costs, the calculation of which may include funding for Authorized Facilities designated for funding, as determined in the sole discretion of the City. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Step 6.b.2. If additional revenue is needed after *Step 6.b.1.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Final Use Small Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*,

equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Final Use Small Lot Parcels.

Step 6.b.3. If additional revenue is needed after *Step 6.b.2.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels.

Step 6.b.4. If additional revenue is needed after *Step 6.b.3.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 6.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels.

- c. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Facilities Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Facilities Special Tax assignments in accordance with **Section 8**.

7. Prepayment of the Facilities Special Tax Obligation

The City may allow a Full or Partial Prepayment if the City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years where there will be Outstanding Bonds. Prepayments must be made by May 1 to have the Prepayment reflected in the following Fiscal Year's Special Tax levy. Prepayment is permitted only under the following conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel before Prepayment.
- Following Prepayment, amounts in the reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years in which issued Bonds will be outstanding.

When permitted, the Administrator shall calculate Prepayments using the following steps:

- a. The Full Prepayment amount prior to the issuance of the first series of Bonds shall be established by following the steps below:
 - Step 7.a.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**, treating such Parcel as a Developed Parcel.
 - Step 7.a.2. Divide the amount from *Step 7.a.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Full Prepayment Parcel.
 - Step 7.a.3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, by the Benefit Share to determine the Full Prepayment amount.
 - Step 7.a.4. Add to the amount determined in *Step 7.a.3.* any costs to the City, including the costs of any City consultants, associated with the preparation of the Full Prepayment calculation.

- b. The Full Prepayment amount after the issuances of Bonds shall be calculated using the following procedures:
 - Step 7.b.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**. If the Parcel is not a Developed Parcel, assign the Maximum Annual Facilities Special Tax for the Tax Category for the Prepayment Parcel assuming the Parcel is a Developed Parcel for the Tax Category.
 - Step 7.b.2. Divide the amount from *Step 7.b.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Parcel.
 - Step 7.b.3. Multiply the Benefit Share by the total amount of Outstanding Bonds to determine the Bond Share for the Full Prepayment Parcel.
 - Step 7.b.4. Multiply the Benefit Share by the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, to determine the Remaining Facilities Cost Share for the Full Prepayment Parcel.
 - Step 7.b.5. Sum the Bond Share and Remaining Facilities Cost Share from *Steps 7.b.3.* and *7.b.4.*
 - Step 7.b.6. Determine the total amount of Bonds to be called by rounding the amount summed in *Step 7.b.5.* down to the nearest \$5,000.
 - Step 7.b.7. Multiply the amount calculated in *Step 7.b.6.* by the call premium for the next available call date.
 - Step 7.b.8. Determine the Reserve Fund Share for the Full Prepayment Parcel by multiplying the Reserve Fund Requirement by the Benefit Share.

Step 7.b.9. Reduce the amount calculated in *Step 7.b.5.* by the amount of the Reserve Fund Share in *Step 7.b.8.*, provided the amount in the Reserve Fund equals the Reserve Fund Requirement after reduction, and the Indenture allows for the transfer of a like amount to be used for bond prepayment

Step 7.b.10. Determine the Full Prepayment amount by adding to the amount calculated in *Step 7.b.9.* any fees, call premiums, and interest to the next Bond call date not covered by Facilities Special Taxes already levied and collected for the prepaying Parcel, and expenses incurred by the CFD in connection with the Full Prepayment calculation or the application of the proceeds of the Full Prepayment to the call of Outstanding Bonds.

Step 7.b.11. If the Facilities Special Taxes already have been levied but not collected, the Parcel shall not become a Full Prepayment Parcel until the owner of the Parcel has paid the Facilities Special Taxes included on the current property tax bill in addition to the Full Prepayment amount.

c. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to 25 percent or 50 percent of the Full Prepayment amount determined in *Step 7.a.9.* A Partial Prepayment may only be made in an amount equal to 25 percent or 50 percent of the Full Prepayment desired by the party making a Partial Prepayment, except that the full amount of Administrative fees and expenses determined in *Step 7.a.10* shall be included in the Partial Prepayment.

The Maximum Annual Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Facilities Special Tax that could have been levied before the Prepayment, reduced by the percentage of the Full Prepayment that the Partial Prepayment represents, all as determined by or at the direction of the Administrator. For example, if the Partial Prepayment is equal to 25 percent, the Facilities Special Tax applied to the Parcel would be 75 percent of the Maximum Annual Facilities Special Tax.

8. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Facilities Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Facilities Special Tax. The Administrator then will promptly review the appeal and, if necessary, will meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Facilities Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Facilities Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Facilities Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Facilities Special Tax Revenue.

9. Manner of Collection

The Facilities Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may, without Council approval, directly bill the Facilities Special Tax and may collect the Facilities Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

**Attachment 1
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 2
Maximum Annual Special Tax by Large Lot Parcel - Base Year 2021-22**

Large Lot Number	Original Parcel APN(s)	Tax Category	Acres	No. of Units	Maximum Annual Facilities Special Tax per Unit [1]	Maximum Annual Facilities Special Tax per Large Lot [1]
13		SFD-55	1.7	9	\$7,094.16	\$63,847.44
14		SFD-55	2.5	17	\$7,094.16	\$120,600.72
15		SFD-60	7.5	28	\$7,205.91	\$201,765.48
16		SFD-45	8.2	34	\$6,441.13	\$218,998.42
17		SFD-45	5.4	32	\$6,441.13	\$206,116.16
18		SFD-55	2.6	18	\$7,094.16	\$127,694.88
20		SMLD Court	1.8	24	\$5,520.30	\$132,487.20
21		SMLD Alley	1.8	17	\$5,306.55	\$90,211.35
22		SMLD Alley	4.0	55	\$5,306.55	\$291,860.25
25	043A-4675-003-23	SMLD Court	2.2	30	\$5,520.30	\$165,609.00
E	(Por)	Community Park	1.5	0	\$0.00	\$0.00
F		Open Space	7.3	0	\$0.00	\$0.00
I		Open Space	13.9	0	\$0.00	\$0.00
J		Open Space	15.7	0	\$0.00	\$0.00
O		Community Park	2.3	0	\$0.00	\$0.00
Q		Community Park	1.2	0	\$0.00	\$0.00
M-3		ROW	2.2	0	\$0.00	\$0.00
M-4		ROW	0.8	0	\$0.00	\$0.00
M-5		ROW	1.1	0	\$0.00	\$0.00
M-6		ROW	0.5	0	\$0.00	\$0.00
Totals			84.2	264		\$1,619,190.90

"att1"

[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

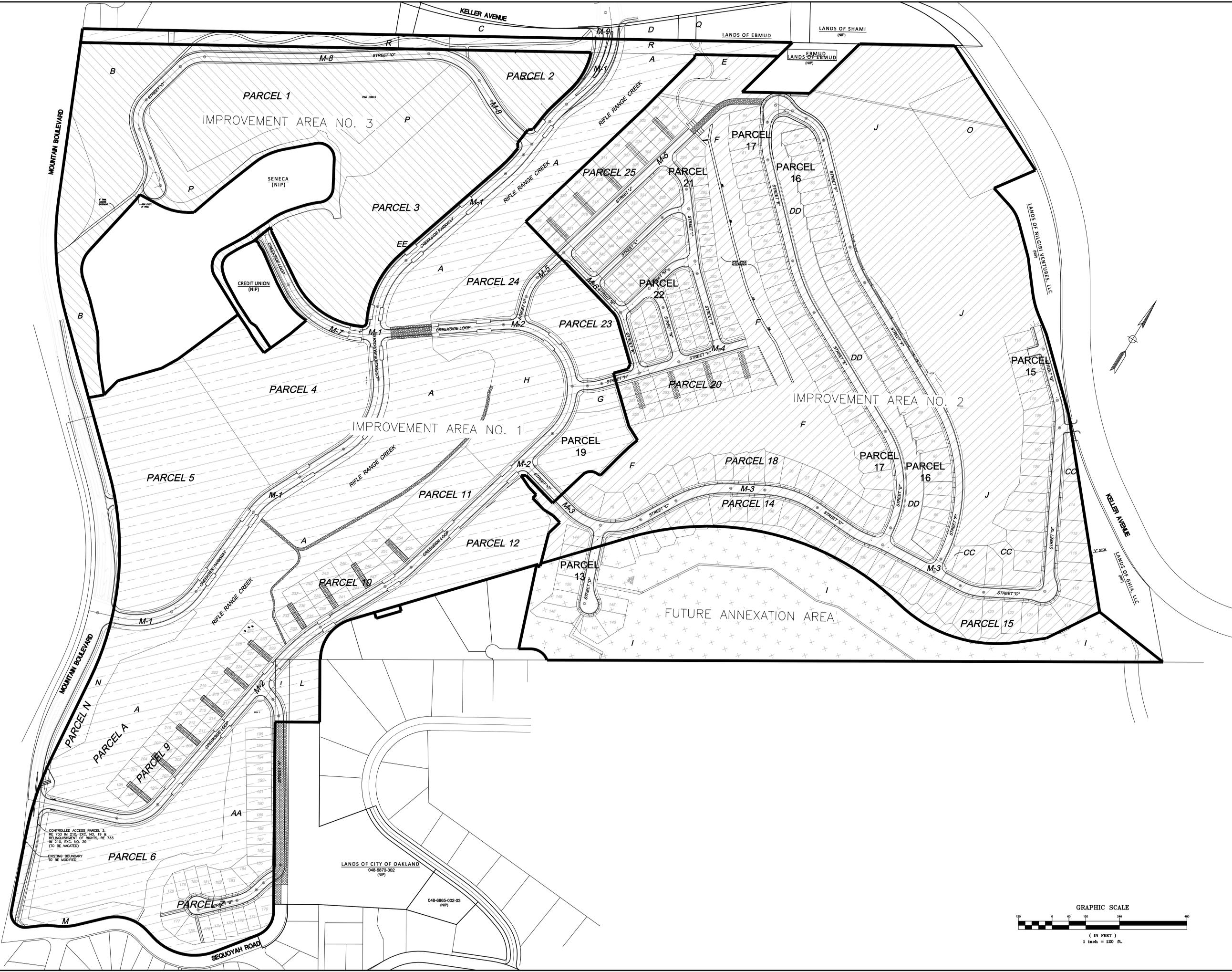
Attachment 2
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 2
Maximum Annual Facilities Special Tax by Tax Category - Base Year 2021-22

Tax Category	Maximum Annual Facilities Special Tax per Unit [1]
SFR - 4,000 sf lot (SFD-40)	\$5,595.62
SFR - 4,500 sf lot (SFD-45)	\$6,441.13
SFR - 5,500 sf lot (SFD-55)	\$7,094.16
SFR - 6,000 sf lot (SFD-60)	\$7,205.91
SMLD Court	\$5,520.30
SMLD Alley	\$5,306.55
Townhome	\$4,754.88

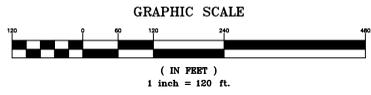
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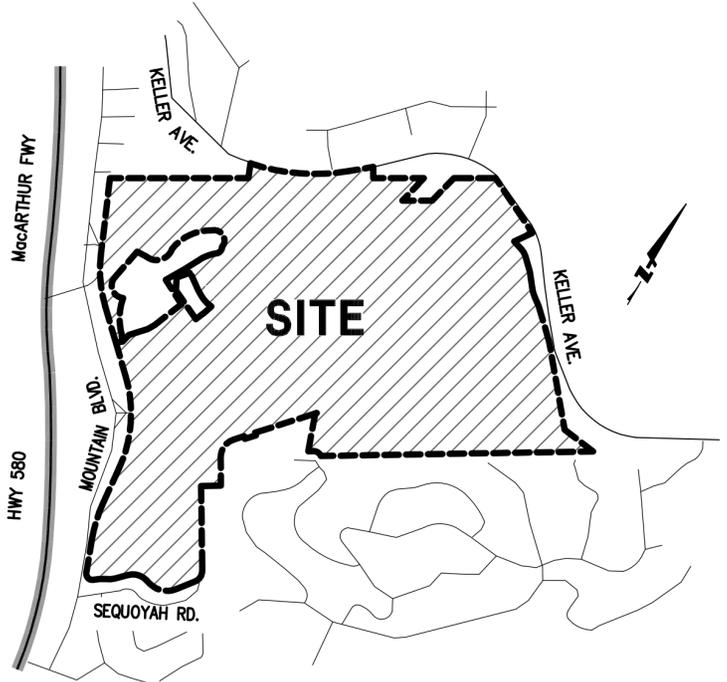
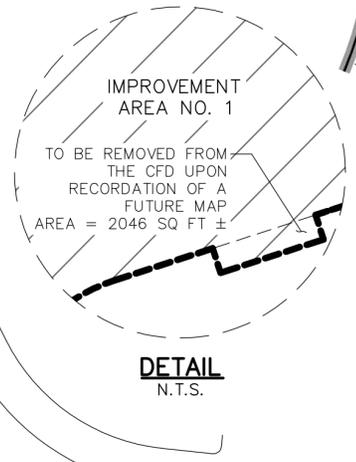
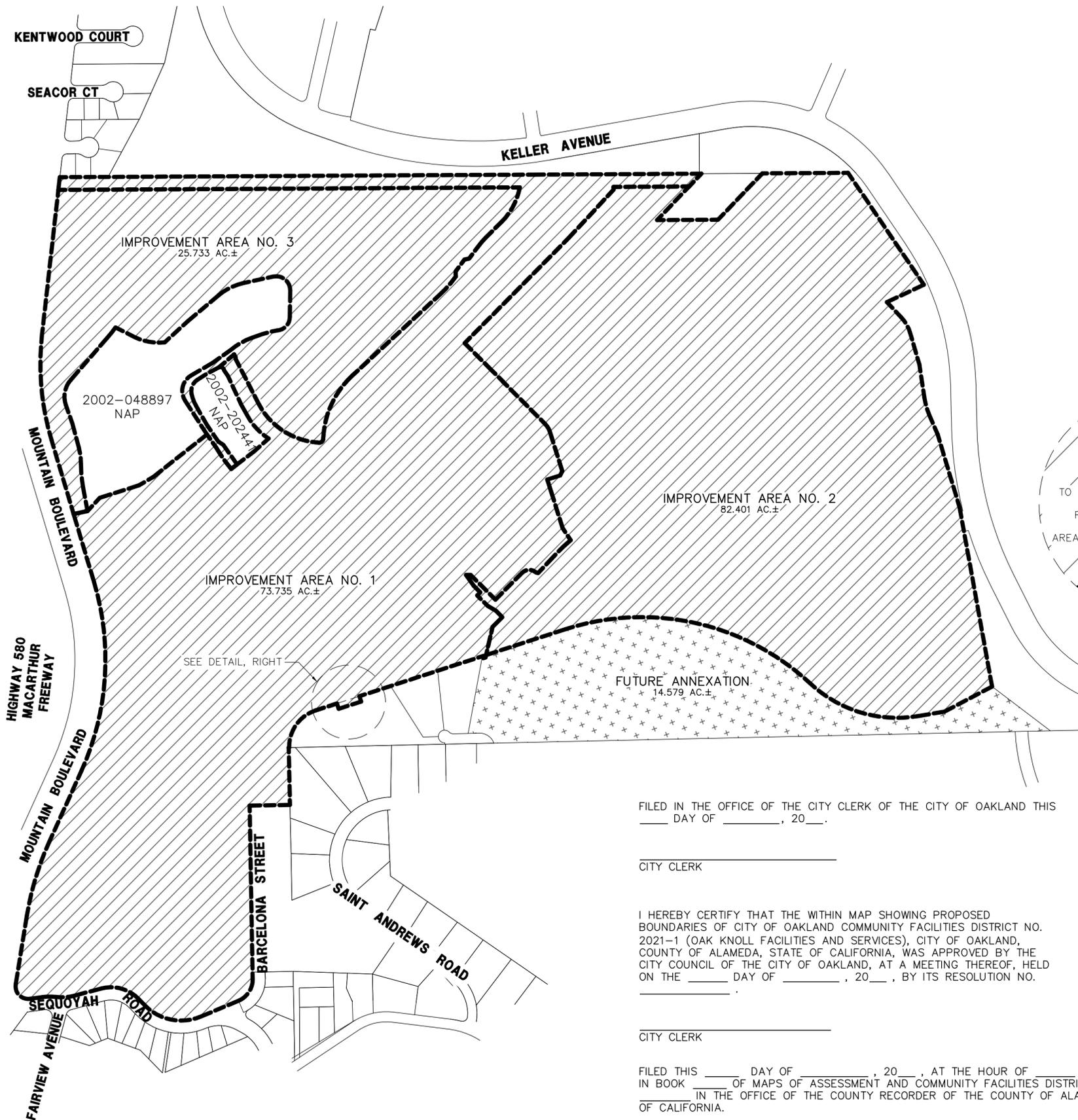
[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

Date: 06/09/17	Revisions
Scale: N	09/25/17 City Submittal #3
Drawn: AN/EA	01/30/17 City Submittal #2
Approved: JN	05/16/16 City Submittal
Job No: 20086154	
Drawing Number:	



CONTROLLED ACCESS PARCEL 3, RE 733 IM 210, EXC. NO. 18 & RELINQUISHMENT OF RIGHTS, RE 733 IM 210, EXC. NO. 20 (TO BE VACATED)
 EXISTING BOUNDARY TO BE MODIFIED
 LANDS OF CITY OF OAKLAND 048-6870-002 (NIP)
 048-6865-002-03 (NIP)





VICINITY MAP
N.T.S.

LEGEND

- DISTRICT BOUNDARY - CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1(OAK KNOLL FACILITIES AND SERVICES)"
- ADJACENT LOT LINES
- FUTURE LOT LINE
- NAP
- APN
- NOT A PART ASSESSOR PARCEL NUMBER

APN TABLE

IMPROVEMENT AREA NO. 1	043A-4675-003-23 & 048-6870-001
IMPROVEMENT AREA NO. 2	043A-4675-003-23
IMPROVEMENT AREA NO. 3	043A-4675-003-23
FUTURE ANNEXATION	043A-4675-047-01

NOTES:

FOR PARTICULARS OF LINES AND DIMENSIONS OF PARCELS, REFERENCE IS MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICIAL RECORDS OF THE COUNTY OF ALAMEDA. THOSE MAPS AND DEEDS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA

LYING ENTIRELY WITHIN THE CITY OF OAKLAND ALAMEDA COUNTY, CALIFORNIA

SCALE: NOT TO SCALE SEPTEMBER 2021

BKF 1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF OAKLAND THIS ____ DAY OF _____, 20__.

CITY CLERK

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF OAKLAND, AT A MEETING THEREOF, HELD ON THE ____ DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF ALAMEDA

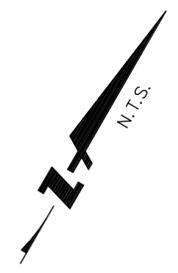


EXHIBIT C-3

Improvement Area No. 3 of the
City of Oakland
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)
Alameda County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX (FACILITIES SPECIAL TAX)

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 as amended (Act) applicable to the land in Improvement Area No. 3 of the City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“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 or other Development Plan.

“Acquisition Agreement” means that document or contractual agreement entered into by the City and a landowner identifying Authorized Facilities to be constructed and eligible to be acquired with CFD Facilities Special Tax revenues.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the California Government Code.

“Administrative Expenses” means the actual or reasonably estimated costs (including attorney fees) related to the administration of the CFD, including, but not limited to:

- a. Costs of computing Facilities Special Taxes and preparing annual Facilities Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise), including the costs of foreclosure actions.
- c. Costs of remitting the Special Taxes to the Trustee.

- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements.
- f. Costs to the City, CFD, or any designee thereof of complying with City, CFD, or major property owner disclosure requirements and State of California reporting requirements.
- g. Costs associated with preparing Special Tax disclosure statements.
- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or already advanced by the City for any other administrative purposes, including attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Administrator" means an official of the City responsible for determining the Annual Facilities Costs, providing for the levy and collection of the Special Tax, and performing the other duties provided for herein.

"Annual Facilities Costs" means, for any Fiscal Year, the total of these for Improvement Area No. 3:

- a. Debt Service to be paid from Facilities Special Taxes in the calendar year that begins in such Fiscal Year.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Facilities Costs in a previous Fiscal Year.
- c. Administrative Expenses for such Fiscal Year.
- d. The amount needed to (1) cure any delinquencies in the payment of the Facilities Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year as part of this subsection (d) or as part of subsection (b), and (2) to fund any foreseeable deficiency in the payment of the Facilities Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Facilities Costs in the current or any previous Fiscal Year.

- e. The amount needed to pay the costs of acquisition, construction and improvement of Authorized Facilities provided that such amount does not cause an increase in the levy on Final Use Small Lot Parcels, Large Lot Parcels, or Undeveloped Parcels.
- f. The amounts listed in clause (a)-(f) may be reduced in any Fiscal Year as a result of any available earnings on any reserve fund or Facilities Special Tax funds, available capitalized interest or any other available revenues of the CFD or the City that may be used to fund Annual Facilities Costs.

“Anticipated Construction Proceeds” means for the purposes of a Prepayment, that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds for Improvement Area No. 3 is equal to \$25.1 million at formation of the CFD. On each July 1, the Administrator shall calculate the Anticipated Construction Proceeds for the Fiscal Year by increasing the Anticipated Construction Proceeds amount for the prior Fiscal Year by the average increase in the ENR-CCI for the prior calendar year. In the event that the ENR-CCI is a negative number, the Anticipated Construction Proceeds amount for a fiscal year shall be equal to the Anticipated Construction Proceeds amount for the prior fiscal year.

“Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in preparing the tax roll.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means, for a Parcel, the parcel number as assigned by the County Assessor on the equalized tax roll.

“Assigned Maximum Annual Facilities Special Tax” means the maximum Facilities Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, as shown in **Attachment 1**.

“Authorized Facilities” means those facilities and capital fees to be financed, as identified in the resolution forming the CFD.

“Base Year” means the Fiscal Year beginning July 1, 2021, and ending June 30, 2022.

“Benefit Share” means the Maximum Annual Facilities Special Tax for a Parcel divided by the Maximum Annual CFD Special Tax Revenue.

“Bond(s)” means any bond(s) issued by the City for the CFD secured by Special Taxes levied in Improvement Area No. 3 under the Act and any other debt incurred by the City for the CFD secured by Special Taxes levied in Improvement Area No. 3, as defined in the Act.

“Bond Indenture(s)” means the indenture(s), resolution(s), fiscal agent agreement(s), or other financing document(s) pursuant to which any Bonds are issued.

“Bond Share” means the share of Outstanding Bonds assigned to a Parcel as specified in **Section 7** hereof.

“**Building Permit**” means a building permit issued by the City for the new construction of a Residential Use structure.

“**CFD**” means City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services).

“**City**” means the City of Oakland in Alameda County, California.

“**Condominium Plan**” means a description or survey map of a condominium project which identifies Residential Use Parcels (Civil Code Section 4285).

“**Council**” means the City Council of the City.

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

“**Debt Service**” means the total annual amount of Bond principal, interest, and the scheduled sinking fund payments of the Bonds in a calendar year.

“**Developed Parcel**” means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Building Permit was issued for new construction of a structure before May 1 of the preceding Fiscal Year.
- b. For Multifamily For-Rent Parcels and Multifamily For-Sale Parcels: All Parcels for which a Building Permit for new construction of a structure was issued before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“**Development Plan**” means a Condominium Plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels and Multifamily For-Rent Parcels or Multifamily For-Sale Parcels.

“**ENR-CCI**” means the Engineering News Record—Construction Cost Index for San Francisco in the prior calendar year, as determined on July 1 of the current Fiscal Year.

“**Expected Land Use(s)**” means the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 1** of this RMA.

“**Facilities Special Tax**” means the Special Tax authorized to fund Annual Facilities Cost. Facilities Special Taxes for the Base Year are shown in **Attachments 1** and **2**.

“**Final Use Small Lot Parcel**” means (i) a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map and (ii) a Parcel established by a Condominium Plan that has received all final entitlements that allow for the issuance of a Building Permit for new residential construction.

“**Final Small Lot Subdivision Map**” means (i) a recorded map designating the final Parcel subdivision for individual Single-Family Parcels and (ii) a Condominium Plan that defines final use

Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction.

"First Bond Sale" means issuance of the first series of Bonds secured, in whole or in part, by Facilities Special Taxes levied and collected from Parcels in Improvement Area No. 3.

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

"Full Prepayment" means the complete fulfillment of a Parcel's Facilities Special Tax obligation.

"Improvement Area No. 3" means the area designated as such on **Map 1**. The area included in Improvement Area No. 3 is included in the initial boundaries of the CFD.

"Improvement Fund" means the account (regardless of its name) identified in the Bond Indenture to hold funds which are available to acquire or construct Authorized Facilities.

"Large Lot Parcel" means a Parcel created by a Large Lot Subdivision Map.

"Large Lot Subdivision Map" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

"Maximum Annual Facilities Special Tax" means the greatest amount of Facilities Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 1** or **2**.

"Maximum Annual Facilities Special Tax Rate" means the rate of Facilities Special Tax charged per Unit or Acre, as shown in **Attachments 1** or **2**.

"Maximum Annual Facilities Special Tax Revenue" means the greatest amount of Facilities Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Facilities Special Tax.

"Maximum Annual CFD Special Tax Revenue" means the sum of the Maximum Annual Facilities Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

"Multifamily For-Rent" or **"Multifamily For-Rent Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor's Parcel Number.

"Multifamily For-Sale" or **"Multifamily For-Sale Parcel"** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor's Parcel Number as is the case in residential condominium projects. Once

designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

“**Nonresidential Use**” or “**Nonresidential Use Parcel**” means a Parcel zoned for land uses other than Residential Uses.

“**Original Parcel**” means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

“**Outstanding Bonds**” means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

“**Parcel**” means any Assessor’s Parcel in Improvement Area No. 3 of the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“**Parcel Reconfiguration**” means a Subdivision, lot line adjustment, merger, or other Parcel decomposition that results in the creation of new Successor Parcels.

“**Partial Prepayment**” means the partial fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

“**Prepayment**” means the full or partial fulfillment of a Parcel’s Facilities Special Tax obligation, as determined by following the procedures in **Section 7**.

“**Price Point Study**” means an analysis, prepared by an independent firm selected by the City, to verify the estimated average sales price within each Tax Category of Residential Uses given the project location and current market conditions.

“**Proportionately**” means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Developed Parcels. For Final Use Small Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Small Lot Final Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Facilities Special Tax levy to the Maximum Annual Facilities Special Tax is equal for all Undeveloped Parcels.

“**Public Parcel**” means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

“**Remainder Parcel**” means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

Remainder Taxes means, after September 1st and before December 31st of any Fiscal Year, any Facilities Special Tax revenues that were levied and collected in the prior Fiscal Year and were not needed to (i) pay debt service on the Bonds that was due in the calendar year in which the Remainder Taxes are being calculated, (ii) replenish Bond reserves, or (iii) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to the receipt of additional Facilities Special Tax proceeds.

Remaining Facilities Cost Share means the Remaining Facilities Costs multiplied by the Benefit Share.

Remaining Facilities Costs means the amount of Anticipated Construction Proceeds less (i) construction proceeds from previous CFD Bond issuances and (ii) Remainder Taxes or prepayments previously collected or levied and applied to construction.

Reserve Fund means any debt service reserve fund established pursuant to the Bonds.

Reserve Fund Requirement means the amount required to be held in any Reserve Fund pursuant to the Bond Indenture.

Reserve Fund Share means the amount on deposit in any Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Parcel.

Residential Use or **Residential Use Parcel** means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments.

RMA means this Rate and Method of Apportionment, and Manner of Collection of Special Tax.

Single-Family Parcel means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Unit that is a Residential Use parcel.

Subdivision or **Subdivided** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels. For multifamily residential uses, a Condominium Plan may define final use Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction. A Subdivision may also include Parcels created by a Parcel Reconfiguration.

Successor Parcel means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

Tax Category means the categories of taxable land uses shown in **Attachments 1 and 2**.

Tax Collection Schedule means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Facilities Special Taxes each Fiscal Year.

Tax Escalation Factor means a factor of 2 percent by which the Maximum Annual Facilities Special Tax shall be increased annually. The Administrator should refer to **Section 4.a** for application of the Tax Escalation Factor.

Taxable Acreage means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. For purposes of illustration, a Large Lot

Parcel Map may create a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses, in which case the Taxable Acreage is equal to the acreage determined by the Administrator to become a Taxable Parcel or Taxable Parcels upon future Subdivision.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Facilities Special Tax. Tax-Exempt Parcels include (a) Public Parcels, (b) Parcels owned by the City, school districts, special districts, or the state or federal government and (c) Welfare Exemption Parcels in the circumstances set forth in Section 53340(c) of the Act. A Taxable Parcel that is acquired by a public agency, or becomes a Welfare Exemption Parcel shall remain a Taxable Parcel as per the provisions of **Section 4.f**.

"Total Tax Burden" means, for any Tax Category, the ratio of the Total Taxes to the average sales prices (as determined by the Price Point Study) for such Tax Category.

"Total Taxes" means, for any Tax Category, the Facilities Special Tax for such Tax Category, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, or any other taxes, fees and charges which would be collected by the County on property tax bills for a Residential Use parcel, and which are payable from and secured by the property assuming such Residential Use had been completed, sold, and subject to such levies and impositions, excluding service charges such as sewer and trash, and voluntary assessments such as those associated with a Property Assessed Clean Energy program.

"Trustee" means a state or national banking association organized and existing under the laws of the United States acting as a trustee or fiscal agent for Bonds.

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Final Use Small Lot Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

"Welfare Exemption Parcel" means, in any Fiscal Year, a Parcel that has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place.

3. Duration of the Facilities Special Tax

The Facilities Special Tax will be levied and collected for as long as it is needed to pay Annual Facilities Costs; however, in no event shall the Facilities Special Tax be levied on any Parcel in the CFD after Fiscal Year 2069-70.

When all Annual Facilities Costs incurred by the CFD and payable from the Facilities Special Tax levied in Improvement Area No. 3 have been paid, the Facilities Special Taxes shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Facilities Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien on property in Improvement Area No. 3 is

extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of Improvement Area No. 3 of the CFD is recorded.

4. Administrative Tasks for the Facilities Special Tax

Tasks required of the Administrator are discussed below:

- a. Annual Facilities Special Tax Escalation. The Administrator shall increase the Maximum Annual Facilities Special Tax and Maximum Annual Facilities Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year.
- b. Assignment of the Maximum Annual Facilities Special Tax to Original Parcels. **Attachment 1** identifies the Assigned Maximum Annual Facilities Special Tax for each Original Parcel at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD formation. The Assigned Maximum Annual Facilities Special Tax shall continue to apply to the geographic area to which it was assigned. **Map 1** shows the geographic locations of Large Lot Parcels at formation of the CFD. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Facilities Special Tax to each Assessor's Parcel in that Large Lot Parcel on a pro rata basis based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Facilities Special Tax shall equal the sum of the Assigned Maximum Annual Facilities Special Tax for all Large Lot Parcels in that Assessor's Parcel.
- c. Assignment of the Maximum Annual Facilities Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Facilities Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Facilities Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Facilities Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Facilities Special Tax for that Original Parcel or Successor Parcel.
 1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels or Multifamily For-Sale Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum Annual CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Facilities Special Tax to Single-Family Parcels or Multifamily For-Sale Parcels. The Administrator shall use the following procedures to assign the Maximum Annual Facilities Special Tax to Single-Family Parcels and Multifamily For-Sale Parcels. All references to Maximum Annual Facilities Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:

- A. Multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels or Multifamily For-Sale Parcel created by the Subdivision.
 - B. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.1.c.A above to each Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
 - C. If the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.1.A above is less than the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax for the Original or Successor Parcel that was Subdivided. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel or Multifamily For-Sale Parcel created by the Subdivision.
2. If an Original or Successor Parcel Is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcel and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Facilities Special Tax is apportioned to the Single-Family Parcels, or Multifamily For-Sale Parcels, and Large Lot Parcels created by the Subdivision in the following manner:
- A. Apportion the Assigned Maximum Annual Facilities Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels, or Multifamily For-Sale Parcels, and to the area(s) that will be Large Lot Parcels or Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Facilities Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Facilities Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is equal to or greater than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign the Maximum Annual Facilities Special Tax per Unit by Tax Category as calculated in Step 4.c.2.B above to each Single-Family Parcel created by the Subdivision.

- D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Facilities Special Taxes calculated in Step 4.c.2.B above is less than the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, Proportionately increase the Maximum Annual Facilities Special Tax per Unit for all Units until the sum of resulting Maximum Annual Facilities Special Taxes from all Units equals the Assigned Maximum Annual Facilities Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Facilities Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
- E. For the Large Lot Parcels or Remainder Parcel or Parcels, identify the Maximum Annual Facilities Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by the Subdivision. Subtract the sum of the Maximum Annual Facilities Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Facilities Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Facilities Special Tax assigned to the Remainder Parcel or Parcels in Step 4.c.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.c.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Facilities Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Facilities Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

- d. Transfer of the Assigned Maximum Annual Facilities Special Tax from One Large Lot Parcel to Another. The Maximum Annual Facilities Special Taxes shown in **Attachment 2** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units is transferred from one Large Lot Parcel to another before recording of a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Facilities Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the Administrator, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachment 1** or **2** Lien, the requesting property owner shall bear the costs to effect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1** or **2**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel that is a Public Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Facilities Special Tax. If a Parcel that was categorized in a prior Fiscal Year as a Welfare Exemption Parcel no longer has a welfare exemption in place, the Parcel shall become subject to the Facilities Special Tax. In each

case, the Maximum Annual Facilities Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4 and 5** of the RMA.

- f. Conversion of a Taxable Parcel to a Tax-Exempt Parcel. A Taxable Parcel that becomes a Public Parcel after the CFD is formed will remain subject to the applicable Facilities Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. However, prior to the First Bond Sale Taxable Parcels may be converted to Tax-Exempt Parcels without restriction. A Taxable Parcel that becomes a Welfare Exemption Property after Bonds are issued and maintains its welfare exemption will remain subject to the Facilities Special Tax unless the Facilities Special Tax obligation is satisfied pursuant to Section 53340(c) of the Government Code. An exception to this may be made if a Public Parcel, such as a park site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Facilities Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum Annual CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

5. Assignment of the Maximum Annual Facilities Special Tax

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:
1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 2. Each Parcel to be classified as a Developed Parcel, a Final Use Small Lot Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.
- b. Assignment of the Maximum Annual Facilities Special Tax to Taxable Parcels. The Maximum Annual Facilities Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.
- c. Possible Reduction of the Facilities Special Tax prior to the First Bond Sale. Maximum Annual Facilities Special Taxes will be evaluated to determine if the Total Tax Burden exceeds 2-percent for any Residential Use Tax Category prior to the First Bond Sale for Improvement Area No. 3. A Price Point Study will be conducted to determine the average sales price for Residential Uses in each Tax Category. The average sales price established by the Price Point Study will be used to determine the Total Tax Burden for each Residential Use Tax Category. If Price Point Study shows that a Tax Category exceeds the Total Tax Burden of 2-percent, the Maximum Annual Facilities Special Tax for that Tax Category shall be reduced such that the Total Tax Burden for that Tax Category is no greater than 2-percent. **Attachments 1 and 2** shall be updated to reflect the new Maximum Annual Facilities Special Tax for each affected Tax Category.

6. Calculating Maximum Annual Facilities Special Taxes

This section discusses the levy of the Facilities Special Tax for Improvement Area No. 3.

The Administrator will compute the Annual Facilities Costs and determine the Maximum Annual Facilities Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4** and **5**.

The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

Facilities Special Tax Levy

- a. Compute the Annual Facilities Costs for Improvement Area No. 3 using the definition of Annual Facilities Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Facilities Special Tax levy for each using the following steps:

Step 6.b.1. In the first five (5) Fiscal Years in which a Facilities Special Tax is levied within Improvement Area No. 3, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Beginning in the sixth (6th) Fiscal Year in which a Facilities Special Tax is levied within Improvement Area No. 3, the Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Annual Facilities Costs, the calculation of which may include funding for Authorized Facilities designated for funding, as determined in the sole discretion of the City. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Taxes shall be deposited into the Improvement Fund to pay any costs associated with the acquisition of Authorized Facilities pursuant to the Acquisition Agreement.

Step 6.b.2. If additional revenue is needed after *Step 6.b.1.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Final Use Small Lot Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Final Use Small Lot Parcels.

Step 6.b.3. If additional revenue is needed after *Step 6.b.2.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Facilities Special Tax levy in

this step, when added to the levy amount computed through *Step 6.b.2.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Large Lot Parcels.

Step 6.b.4. If additional revenue is needed after *Step 6.b.3.*, and after applying any Capitalized Interest, the Facilities Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Facilities Special Tax levy in this step, when added to the levy amounts computed through *Step 6.b.3.*, equals the Annual Facilities Costs, or up to 100 percent of the Maximum Annual Facilities Special Tax Revenue for all Undeveloped Parcels.

- c. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Facilities Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Facilities Special Tax assignments in accordance with **Section 8**.

7. Prepayment of the Facilities Special Tax Obligation

The City may allow a Full or Partial Prepayment if the City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years where there will be Outstanding Bonds. Prepayments must be made by May 1 to have the Prepayment reflected in the following Fiscal Year's Special Tax levy. Prepayment is permitted only under the following conditions:

- The landowner prepaying the Facilities Special Tax on a Parcel has paid any delinquent Facilities Special Tax and penalties on that Parcel before Prepayment.
- Following Prepayment, amounts in the reserve fund are equal to or greater than the reserve fund requirement.
- The City determines that the Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110-percent annual Debt Service coverage based on Maximum Annual Facilities Special Tax Revenues in all years in which issued Bonds will be outstanding.

When permitted, the Administrator shall calculate Prepayments using the following steps:

- a. The Full Prepayment amount prior to the issuance of the first series of Bonds shall be established by following the steps below:

- Step 7.a.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4 and 5**, treating such Parcel as a Developed Parcel.
 - Step 7.a.2. Divide the amount from *Step 7.a.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Full Prepayment Parcel.
 - Step 7.a.3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, by the Benefit Share to determine the Full Prepayment amount.
 - Step 7.a.4. Add to the amount determined in *Step 7.a.3.* any costs to the City, including the costs of any City consultants, associated with the preparation of the Full Prepayment calculation.
- b. The Full Prepayment amount after the issuances of Bonds shall be calculated using the following procedures:
- Step 7.b.1. Determine the Maximum Annual Facilities Special Tax for the Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4 and 5**. If the Parcel is not a Developed Parcel, assign the Maximum Annual Facilities Special Tax for the Tax Category for the Prepayment Parcel assuming the Parcel is a Developed Parcel for the Tax Category.
 - Step 7.b.2. Divide the amount from *Step 7.b.1.* by the Maximum Annual CFD Special Tax Revenue, assuming all Taxable Parcels are Developed Parcels, to determine the Benefit Share for the Parcel.
 - Step 7.b.3. Multiply the Benefit Share by the total amount of Outstanding Bonds to determine the Bond Share for the Full Prepayment Parcel.
 - Step 7.b.4. Multiply the Benefit Share by the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, to determine the Remaining Facilities Cost Share for the Full Prepayment Parcel.
 - Step 7.b.5. Sum the Bond Share and Remaining Facilities Cost Share from *Steps 7.b.3.* and *7.b.4.*
 - Step 7.b.6. Determine the total amount of Bonds to be called by rounding the amount summed in *Step 7.b.5.* down to the nearest \$5,000.
 - Step 7.b.7. Multiply the amount calculated in *Step 7.b.6.* by the call premium for the next available call date.
 - Step 7.b.8. Determine the Reserve Fund Share for the Full Prepayment Parcel by multiplying the Reserve Fund Requirement by the Benefit Share.
 - Step 7.b.9. Reduce the amount calculated in *Step 7.b.5.* by the amount of the Reserve Fund Share in *Step 7.b.8.*, provided the amount in the Reserve Fund equals the

Reserve Fund Requirement after reduction, and the Indenture allows for the transfer of a like amount to be used for bond prepayment

Step 7.b.10. Determine the Full Prepayment amount by adding to the amount calculated in *Step 7.b.9.* any fees, call premiums, and interest to the next Bond call date not covered by Facilities Special Taxes already levied and collected for the prepaying Parcel, and expenses incurred by the CFD in connection with the Full Prepayment calculation or the application of the proceeds of the Full Prepayment to the call of Outstanding Bonds.

Step 7.b.11. If the Facilities Special Taxes already have been levied but not collected, the Parcel shall not become a Full Prepayment Parcel until the owner of the Parcel has paid the Facilities Special Taxes included on the current property tax bill in addition to the Full Prepayment amount.

c. Partial Prepayments will be calculated as described below:

The amount of any Partial Prepayment is limited to 25 percent or 50 percent of the Full Prepayment amount determined in *Step 7.a.9.* A Partial Prepayment may only be made in an amount equal to 25 percent or 50 percent of the Full Prepayment desired by the party making a Partial Prepayment, except that the full amount of Administrative fees and expenses determined in *Step 7.a.10* shall be included in the Partial Prepayment.

The Maximum Annual Facilities Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Facilities Special Tax that could have been levied before the Prepayment, reduced by the percentage of the Full Prepayment that the Partial Prepayment represents, all as determined by or at the direction of the Administrator. For example, if the Partial Prepayment is equal to 25 percent, the Facilities Special Tax applied to the Parcel would be 75 percent of the Maximum Annual Facilities Special Tax.

8. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Facilities Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Facilities Special Tax. The Administrator then will promptly review the appeal and, if necessary, will meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Facilities Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Facilities Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate,

method of apportionment, or manner of collection of the Facilities Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Facilities Special Tax Revenue.

9. Manner of Collection

The Facilities Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may, without Council approval, directly bill the Facilities Special Tax and may collect the Facilities Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Attachment 1
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 3
Maximum Annual Special Tax by Large Lot Parcel - Base Year 2021-22

Large Lot Number	Original Parcel APN(s)	Tax Category	Acres	No. of Units	Maximum Annual Facilities Special Tax per Unit [1]	Maximum Annual Facilities Special Tax per Large Lot [1]
1	043A-4675-003-23 (Por)	Townhome	5.5	97	\$4,754.88	\$461,223.36
2		Townhome	1.7	29	\$4,754.88	\$137,891.52
3		Townhome	6.7	97	\$4,754.88	\$461,223.36
4		Townhome	5.5	102	\$4,754.88	\$484,997.76
B		Open Space	5.8	0	\$0.00	\$0.00
C		Community Park	0.9	0	\$0.00	\$0.00
P		Open Space	3.9	0	\$0.00	\$0.00
R		Open Space	2.9	0	\$0.00	\$0.00
M-8		ROW	2.1	0	\$0.00	\$0.00
M-9		ROW	0.1	0	\$0.00	\$0.00
Totals			35.1	325		\$1,545,336.00

"att1"

[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

Attachment 2
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Improvement Area No. 3
Maximum Annual Facilities Special Tax by Tax Category - Base Year 2021-22

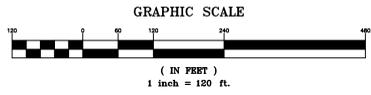
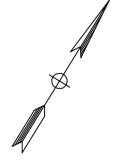
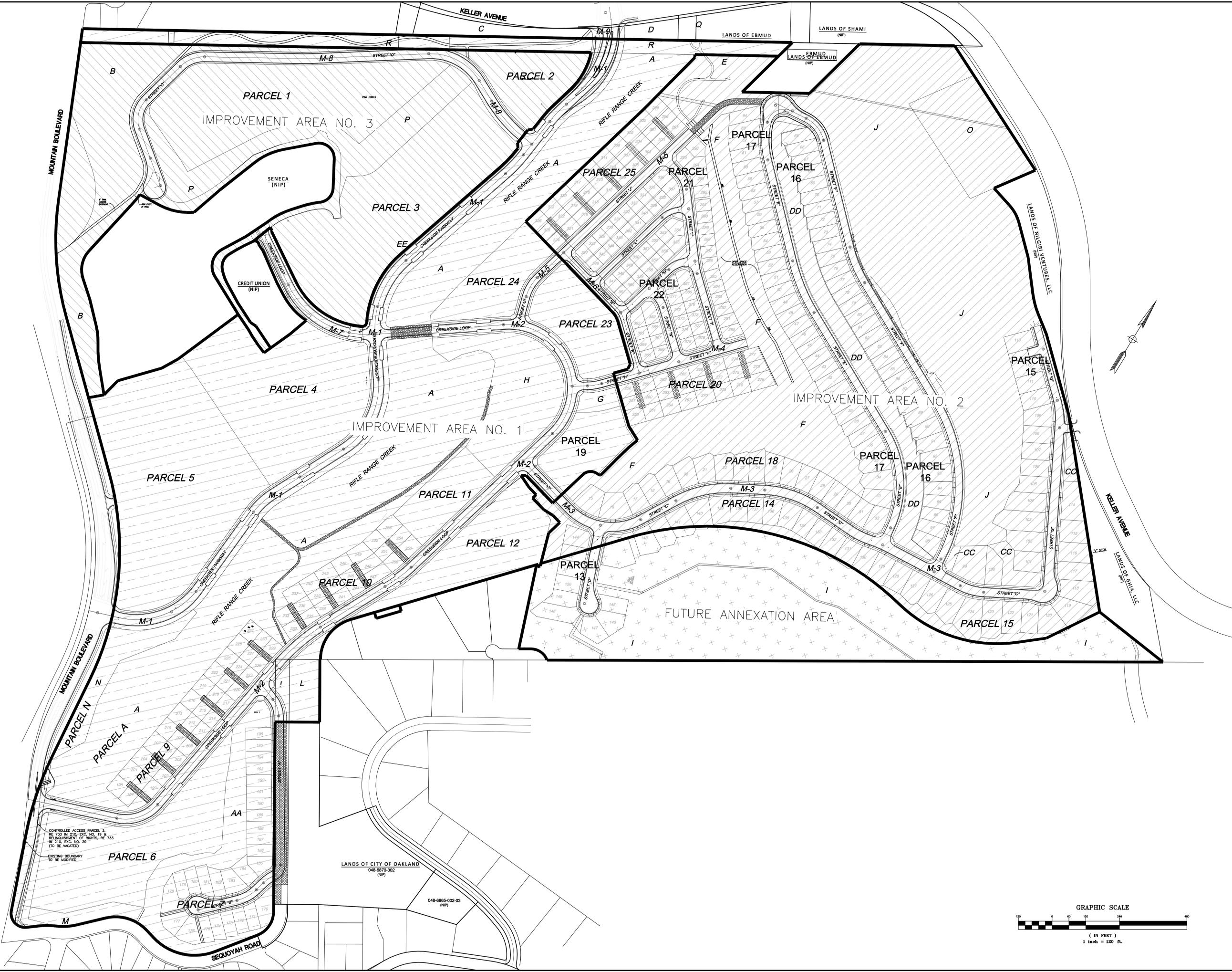
Tax Category	Maximum Annual Facilities Special Tax per Unit [1]
SFR - 4,000 sf lot (SFD-40)	\$5,595.62
SFR - 4,500 sf lot (SFD-45)	\$6,441.13
SFR - 5,500 sf lot (SFD-55)	\$7,094.16
SFR - 6,000 sf lot (SFD-60)	\$7,205.91
SMLD Court	\$5,520.30
SMLD Alley	\$5,306.55
Townhome	\$4,754.88

"att2"

[1] The Maximum Annual Facilities Special Tax is increased by the Tax Escalation Factor of 2-percent each Fiscal Year following the Base Year of 2021-22.

**VESTING TENTATIVE TRACT MAP NO. 8320
OAK KNOLL PROJECT
OVERALL PROPOSED PARCELIZATION**

Date: 06/09/17	No.	Revisions
Scale: N	09/25/17	City Submittal #3
Drawn: AN/EA	01/30/17	City Submittal #2
Approved: JN	05/16/16	City Submittal
Job No: 20086154		
Drawing Number:		



CONTROLLED ACCESS PARCEL 3, RE 733 IM 210, EXC. NO. 18 & RELINQUISHMENT OF RIGHTS, RE 733 IM 210, EXC. NO. 20 (TO BE VACATED)

EXISTING BOUNDARY TO BE MODIFIED

LANDS OF CITY OF OAKLAND
048-6870-002 (NIP)

048-6865-002-03 (NIP)

DATE PLOTTED: 06/09/17 11:30:00 AM. PLOT FILE: C:\Users\jnw\Documents\2017\8320\Map 1.dwg. PLOTTER: HP DesignJet T1100e. PLOT SCALE: 1" = 120'. PLOT SHEET: 1 OF 1.

EXHIBIT C-4

City of Oakland
Community Facilities District No. 2021-1
(Oak Knoll Facilities and Services)
Alameda County, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX (SERVICES SPECIAL TAX)

1. Basis of Special Tax Levy

A Services Special Tax authorized under the Mello-Roos Community Facilities Act of 1982, as amended applicable to the land in City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services) (CFD) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

For the avoidance of doubt, this Rate and Method of Apportionment, and Manner of Collection of Special Tax (RMA) shall apply to, and the Services Special Tax shall be levied in, each improvement area in the CFD, but a separate rate and method of apportionment of special tax shall be established for each improvement area with respect to the levy of a separate Facilities Special Tax.

2. Definitions

"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 or other Development Plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or reasonably estimated costs (including attorney fees) related to the administration of the CFD, including, but not limited to, these:

- a. Costs of computing Special Taxes and preparing annual Services Special Tax collection schedules (whether by the City or any designee thereof or both).
- b. Costs of collecting the Special Taxes (whether by the County, the City, or otherwise).
- c. Costs to the City, CFD, or any designee thereof of complying with City or CFD disclosure requirements.

- d. Costs incurred in responding to public inquiries regarding the Special Taxes.
- e. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.

Administrator” means an official of the City responsible for determining the Annual Services Costs, providing for the levy and collection of the Special Tax, and performing the other duties provided for herein.

Annual Services Costs” means, for any Fiscal Year, the total of these for the CFD:

- a. Authorized Services to be funded from Services Special Taxes.
- b. Administrative Expenses for such Fiscal Year.
- c. The amount needed to (1) cure any delinquencies in the payment of the Services Special Tax in the prior Fiscal Year, to the extent not otherwise included in a computation of Annual Services Costs in the current or any previous Fiscal Year, and (2) to fund any foreseeable deficiency in the payment of the Services Special Tax for that Fiscal Year which is expected to occur in such Fiscal Year, to the extent not included in a computation of Annual Services Costs in the current or any previous Fiscal Year.
- d. Less any available earnings on the Services Special Tax funds, or any other available revenues of the CFD or the City that may be used to fund Annual Services Costs.

Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in preparing the tax roll.

Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel Number.

Assessor’s Parcel Number” means the Parcel and Parcel Number as assigned by the County Assessor on the equalized tax roll.

Assigned Maximum Services Annual Special Tax” means the maximum Services Special Tax assigned to each Large Lot Parcel that is an Original Parcel based on the Expected Land Uses at CFD formation, as shown in **Attachment 1**.

Authorized Services” means those services to be funded, as identified in the resolution forming the CFD.

Base Year” means the Fiscal Year beginning July 1, 2021, and ending June 30, 2022.

Building Permit” means a permit issued by the City for the construction of a Residential Use structure or Other Property Use structures.

CFD” means City of Oakland Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services).

City” means the City of Oakland in Alameda County, California.

Condominium Plan” means a description or survey map of a condominium project which identifies Residential Use Parcels (Civil Code Section 4285).

“**Council**” means the City Council of the City acting for the CFD under the Act.

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

“**Developed Parcel**” means, in any Fiscal Year:

- a. For Single-Family Parcels: All Parcels for which a Building Permit was recorded before May 1 of the preceding Fiscal Year.
- b. For Other Use Properties: All Parcels for which a Building Permit was recorded before May 1 of the preceding Fiscal Year.

Once a Parcel is defined as a Developed Parcel it shall remain as a Developed Parcel.

“**Development Plan**” means a Condominium Plan, apartment plan, site plan, or other development plan that identifies such information as the type of structure, acreage, square footage, or number of Units that are approved to be developed on Single-Family Parcels and Multifamily Parcels.

“**Expected Land Use(s)**” means the total number of Units or Acres of each land use type by Tax Category expected in each Large Lot Parcel and Original Parcel at CFD formation as identified in **Attachment 1** of this RMA.

“**Final Use Small Lot Parcel**” means (i) a Parcel designated for development as a single-family residence, which is part of a Final Small Lot Subdivision Map and (ii) a Parcel established by a Condominium Plan that has received all final entitlements that allow for the issuance of a Building Permit for new residential construction.

“**Final Small Lot Subdivision Map**” means (i) a recorded map designating the final Parcel subdivision for individual Single-Family Parcels and (ii) a Condominium Plan that defines final use Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction.

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

“**Future Annexation Area**” means that area on **Map 2** showing the area to be annexed to the CFD.

“**Large Lot Parcel**” means a Parcel created by a Large Lot Subdivision Map.

“**Large Lot Subdivision Map**” means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Final Use Small Lot Parcels. A Final Small Lot Subdivision Map will create individual Single-Family Parcels.

“**Maximum Annual Services Special Tax**” means the greatest amount of Services Special Tax that can be levied against a Parcel in a given Fiscal Year, as shown in **Attachments 1** or **2**.

“**Maximum Annual Services Special Tax Rate**” means the rate of Services Special Tax charged per Unit or Acre, as shown in **Attachments 1** or **2**.

“Maximum Annual Services Special Tax Revenue” means the greatest amount of Services Special Tax revenue that can be collected in total from a group of Parcels (such as Developed Parcels) by levying the Maximum Annual Services Special Tax.

“Maximum Annual CFD Special Tax Revenue” means the sum of the Maximum Annual Services Special Tax levied on all Taxable Parcels in the CFD in a Fiscal Year.

“Multifamily For-Rent” or **“Multifamily For-Rent Parcel”** means any Parcel designated or developed for more than one residential dwelling Unit per Parcel and where such units are initially offered for rent to the general public and cannot be purchased by individual homeowners. Such uses may consist of apartments or structures such as duplexes or triplexes, including land uses defined as High Density Residential. Each residential dwelling Unit within Multifamily For-Rent or Multifamily For-Rent Parcels is not expected to have its own distinct Assessor’s Parcel Number.

“Multifamily For-Sale” or **“Multifamily For-Sale Parcel”** means any Parcel designated or developed for more than one residential dwelling Unit within a single building or structure and that may share at least one common wall where such units are not initially offered for rent to the general public and initially may be offered for sale to individual homeowners. Such uses may consist of condominiums or buildings such as half-plexes or time-share units, including land uses defined as High Density Residential. Multifamily For-Sale Parcels are anticipated to have their own distinct Assessor’s Parcel Number as is the case in residential condominium projects. Once designated as Multifamily For-Sale or Multifamily For-Sale Parcel, the Parcel shall remain so designated unless the original structures are demolished.

“Nonresidential Use” or **“Nonresidential Use Parcel”** means a Parcel zoned for land uses other than Residential Uses or Other Use Property Parcel.

“Original Parcel” means a Taxable Parcel identified in **Attachment 1** at formation of the CFD.

“Parcel” means any Assessor’s Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“Parcel Reconfiguration” means a Subdivision, lot line adjustment, merger, or other Parcel decomposition that results in the creation of new Successor Parcels.

“Proportionately” means that the ratio of the actual Services Special Tax levy to the Maximum Annual Services Special Tax is equal for all Developed Parcels. For Final Use Small Lot Parcels, Proportionately means that the ratio of the actual Services Special Tax levy to the Maximum Annual Services Special Tax is equal for all Small Lot Final Map Parcels. For Large Lot Parcels, Proportionately means that the ratio of the actual Services Special Tax levy to the Maximum Annual Services Special Tax is equal for all Large Lot Parcels. For Undeveloped Parcels, Proportionately means that the ratio of the actual Services Special Tax levy to the Maximum Annual Services Special Tax is equal for all Undeveloped Parcels.

“Public Parcel” means any Parcel that is or is intended to be publicly owned, as designated in any final map, that is normally exempt from the levy of general ad valorem property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways, landscaping, wetlands, greenbelts, and open space.

Remainder Parcel means a portion of a unit of land that is created as a result of the recording of a Large Lot Parcel Map or Final Small Lot Subdivision Map, which results in a designated remainder as defined in Government Code Section 66424.6(a) (Remainder Parcel). Such a Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites. Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

Residential Use or **Residential Use Parcel** means a Parcel designated for residential use, such as single-family residential Units, residential condominiums, townhouses, or apartments.

RMA means this Rate and Method of Apportionment, and Manner of Collection of Special Tax.

Services Special Tax means the Special Tax authorized to fund Annual Services Cost. Services Special Taxes are shown in **Attachments 1** and **2**.

Single-Family Parcel means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Unit that is a Residential Use parcel.

Subdivision or **Subdivided** means a division of a Parcel into two or more Parcels through Parcel reconfiguration, lot-line adjustments, or the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels. For multifamily residential uses, a Condominium Plan may define final use Parcels that have received all final entitlements that will allow for the issuance of a Building Permit for new residential construction. A Subdivision may also include Parcels created by a Parcel Reconfiguration.

Successor Parcel means a Parcel created by the Subdivision of an Original Parcel or a Successor Parcel.

Tax Category means the categories of taxable land uses shown in **Attachments 1** and **2**.

Tax Collection Schedule means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Services Special Taxes each Fiscal Year.

Tax Escalation Factor means an annual percentage increase in the Maximum Annual Services Special Tax Rate based upon the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers (CPI-U) Index), Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, Urban Wage Earners, or the CPI (prior calendar year annual average, Pacific West Cities, All Urban Wage Earners and Clerical Workers), whichever is greater. The Administrator should refer to **Section 4.a** for application of the Tax Escalation Factor.

Taxable Acreage means that area of a Parcel determined by the Administrator to become a Taxable Parcel or Parcels upon further Subdivision. An example might be that a Large Lot Parcel Map creates a Remainder Parcel that, according to **Attachment 1**, contains both taxable uses and tax-exempt uses.

Taxable Parcel means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Services Special Tax. Tax-Exempt Parcels include (a) Public Parcels, (b) Parcels owned by the City, school districts, special districts, or the state or federal government and (c) Welfare Exemption Parcels in the circumstances set forth in Section 53340(c) of the Act. A Taxable Parcel that is acquired by a public agency, or becomes a Welfare Exemption Parcel shall remain a Taxable Parcel as per the provisions of **Section 4.f.**

"Undeveloped Parcel" means a Taxable Parcel that is not a Developed Parcel, Final Use Small Lot Parcel, or a Large Lot Parcel.

"Unit" means, for a Single-Family Parcel, the individual residential unit on such Parcel, or for a Multifamily For-Rent Parcel or Multifamily For-Sale Parcel, an individual residential unit in a multifamily building.

"Welfare Exemption Parcel" means, in any Fiscal Year, a Parcel that has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place.

3. Duration of the Services Special Tax

The Services Special Tax will be levied and collected for as long as it is needed to pay Annual Costs. The City expects to levy the Services Special Tax on a perpetual basis.

If the Special Tax ceases to be levied, the City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Services Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Administrative Tasks for the Services Special Tax

Tasks required of the Administrator are discussed below:

- a. Annual Services Special Tax Escalation. The Administrator shall increase the Maximum Annual Services Special Tax and Maximum Annual Services Special Tax Rates by the Tax Escalation Factor in all Fiscal Years following the Base Year.
- b. Assignment of the Maximum Annual Services Special Tax to Original Parcels. **Attachment 1** identifies the Assigned Maximum Annual Services Special Tax for each Original Parcel at CFD formation, which is determined for each Large Lot Parcel based on the Expected Land Uses in each Large Lot Parcel at CFD Formation. The Assigned Maximum Annual Services Special Tax shall continue to apply to the geographic area to which it was assigned. **Map 1** shows the geographic locations of Large Lot Parcels at formation of the CFD. If, before further Subdivision, the Administrator determines there are multiple Assessor's Parcels in a Large Lot Parcel, the Administrator shall assign the Maximum Annual Services Special Tax to each

Assessor's Parcel on a pro rata basis to all Assessor's Parcels in that Large Lot Parcel based on the percentage share of Taxable Acreage identified for each Assessor's Parcel. Similarly, if the Administrator determines there are multiple Large Lot Parcels in an Assessor's Parcel, the Maximum Annual Services Special Tax shall equal the sum of the Assigned Maximum Annual Services Special Tax for all Large Lot Parcels in that Assessor's Parcel.).

Map 2 shows the location of the Future Annexation Area that will be annexed to the CFD.

Map 2 also shows a circled area that identifies a 2,046 square foot portion of Improvement Area No. 1 that is to be removed from the CFD upon the recordation of the Large Lot Subdivision Map creating Large Lot Parcels for Improvement Area No. 1.

- c. Assignment of the Maximum Annual Services Special Tax to Successor Parcels. As Original Parcels and Successor Parcels are Subdivided through creation of Final Small Lot Subdivision Maps, lot line adjustments or other Parcel amendments through the Subdivision Map Act process, the Administrator shall use the following steps to assign the Maximum Annual Services Special Tax to new Successor Parcels. As a result of each assignment of the Maximum Annual Services Special Tax upon Subdivision of an Original Parcel or Successor Parcel, the sum of the Maximum Annual Services Special Taxes assigned to the newly created Taxable Parcels shall never be less, but may be greater, than the Assigned Maximum Annual Services Special Tax for that Original Parcel or Successor Parcel.
1. If an Original Parcel or Successor Parcel is Fully Subdivided into Single-Family Parcels or Multifamily For-Sale Parcels with No Remainder Parcel(s). There shall be no net loss of Maximum Annual CFD Special Tax Revenue as a result of the assignment of the Maximum Annual Services Special Tax to Single-Family Parcels. The Administrator shall use the following procedures to assign the Maximum Annual Services Special Tax to Single-Family Parcels. All references to Maximum Annual Services Special Taxes in the attachments are subject to application by the Tax Escalation Factor by the Administrator:
 - A. Multiply the Maximum Annual Services Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Services Special Taxes for all Single-Family Parcels created by the Subdivision.
 - B. If the sum of Maximum Annual Services Special Taxes calculated in Step 4.c.1.A above is equal to or greater than the Assigned Maximum Annual Services Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel that was Subdivided, assign the Maximum Annual Services Special Tax per Unit by Tax Category as calculated in Step 4.1.c.A above to each Single-Family Parcel created by the Subdivision.
 - C. If the sum of Maximum Annual Services Special Taxes calculated in Step 4.c.1.A above is less than the Assigned Maximum Annual Services Special Tax for the Original or Successor Parcel that was Subdivided, Proportionately increase the Maximum Annual Services Special Tax per Unit for all Units until the sum of resulting Maximum Annual Services Special Taxes from all Units equals the Assigned Maximum Annual Services Special Tax for the Original or Successor Parcel that was Subdivided. Assign

the Maximum Annual Services Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.

2. If Original or Successor Parcel Is Subdivided into Single-Family Parcels or Multifamily For-Sale Parcels and One or More Remainder Parcels. When an Original or Successor Parcel is Subdivided into Single-Family Parcels and one or more Large Lot Parcels (or Remainder Parcels), the Assigned Maximum Annual Services Special Tax is apportioned to the Single-Family Parcels and Large Lot Parcels created by the Subdivision in the following manner:
 - A. Apportion the Assigned Maximum Annual Services Special Tax to the area(s) that is/are being Subdivided into Single-Family Parcels and to the area(s) that will be Remainder Parcel(s) on a pro rata basis, based on the percentage share of Taxable Acreage represented by each such area as compared to the total area of the Original or Successor Parcel.
 - B. For each area Subdivided into Single-Family Parcels, multiply the Maximum Annual Services Special Tax per Unit by Tax Category from **Attachment 2** by the number of Units for each Single-Family Parcel created by the Subdivision. Sum the Maximum Annual Services Special Taxes for all Single-Family Parcels created by the Subdivision.
 - C. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Services Special Taxes calculated in Step 4.c.2.B above is equal to or greater than the Assigned Maximum Annual Services Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, assign the Maximum Annual Services Special Tax per Unit by Tax Category as calculated in Step 4.c.2.B above to each Single-Family Parcel created by the Subdivision.
 - D. For each area Subdivided into Single-Family Parcels, if the sum of Maximum Annual Services Special Taxes calculated in Step 4.c.2.B above is less than the Assigned Maximum Annual Services Special Tax (as shown in **Attachment 1**) apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels, Proportionately increase the Maximum Annual Services Special Tax per Unit for all Units until the sum of resulting Maximum Annual Services Special Taxes from all Units equals the Assigned Maximum Annual Services Special Tax apportioned to that area of the Original or Successor Parcel that was Subdivided into Single-Family Parcels. Assign the Maximum Annual Services Special Tax calculated in this step to each new Single-Family Parcel created by the Subdivision.
 - E. For the Remainder Parcel or Parcels, identify the Maximum Annual Services Special Tax for the entire Original or Successor Parcel that has been Subdivided. Sum the Maximum Annual Services Special Tax for all Single-Family Parcels created by the Subdivision. Subtract the sum of the Maximum Annual Services Special Tax for all Single-Family Parcels from the Assigned Maximum Annual Services Special Tax (as shown in **Attachment 1**) for the Original or Successor Parcel being subdivided and compare it to the Maximum Annual Services Special Tax assigned to the Remainder

Parcel or Parcels in Step 4.c.2.A. Assign to each Remainder Parcel, the lesser of the calculations in this step or in Step 4.c.2.A, but in no event less than the difference between the previously Assigned Maximum Annual Services Special Tax for the Original Parcel or Successor Parcel being Subdivided and the total of the Maximum Annual Services Special Tax for all Single-Family Parcels created by such Subdivision.

Once designated as a Remainder Parcel, such Parcel will be considered a Large Lot Parcel for the purposes of future Subdivisions and for the provisions of **Sections 4** through **6**.

- d. Transfer of the Assigned Maximum Annual Services Special Tax from One Large Lot Parcel to Another. The Maximum Annual Services Special Taxes shown in **Attachment 2** were determined based on the Expected Land Uses for each Large Lot Parcel shown in **Attachment 1**. If the number of planned residential Units is transferred from one Large Lot Parcel to another before recording of a Final Small Lot Subdivision Map in any portion of the Large Lot Parcel, the City may, in its sole discretion, allow for a transfer of the Maximum Annual Services Special Tax from one Large Lot Parcel to another. Such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the Administrator, and (2) there is no reduction in the Maximum Annual CFD Special Tax Revenues as a result of the transfer. Should a transfer result in an amendment to **Attachment 1** or **2** of the Notice of Special Tax Lien, the requesting property owner shall bear the costs to affect the transfer in the CFD records and prepare the required amendments to the Notice of Special Tax Lien and **Attachments 1** or **2**. Before the transfer, the City may require a deposit from the requesting property owner for such costs.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel that is a Public Parcel is not needed for public use and is converted to a taxable use or transferred to a private owner, it shall become subject to the Services Special Tax. If a Parcel that is categorized in a prior Fiscal Year as a Welfare Exemption Parcel no longer has a welfare exemption in place, the Parcel shall become subject to the Services Special Tax. In each case, the Maximum Annual Services Special Tax for the newly Taxable Parcel will be determined using the provisions of **Sections 4** and **5** of the RMA.
- f. Taxable Parcels Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed, the Parcel will be assigned as a Tax-Exempt Parcel and no longer subject to the Services Special Tax. If a Parcel that was categorized in a prior Fiscal Year as a Welfare Exemption Parcel no longer has a welfare exemption in place, the Parcel shall become subject to the Facilities Special Tax. In each case, if such Parcel are no longer classified a Tax-Exempt Parcels, the Services Special Tax will be reassigned using the provisions of **Section 4.e**.

5. Assignment of the Maximum Annual Services Special Tax

- a. Classification of Parcels. For purposes of the next Fiscal Year tax levy, by June 30 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's secured tax roll as of January 1, and other City development approval records, the Administrator shall cause:

1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 2. Each Parcel to be classified as a Developed Parcel, a Final Use Small Lot Parcel, a Large Lot Parcel (including Remainder Parcels), or an Undeveloped Parcel.
- b. Assignment of the Maximum Annual Services Special Tax to Taxable Parcels. The Maximum Annual Services Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.

6. Calculating Maximum Annual Services Special Taxes

This section discusses the levy of the Services Special Tax.

The Administrator will compute the Annual Services Costs and determine the annual Special Tax levy for each Taxable Parcel based on the assignment of the Special Tax in **Sections 4** and **5**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

Services Special Tax Levy

- a. Compute the Annual Services Costs for the CFD using the definition of Annual Services Costs in **Section 2**.
- b. For all Taxable Parcels, calculate the Services Special Tax levy for each using the following steps:
 - Step 6.b.1. The Services Special Tax shall be levied on Developed Parcels up to the amount of Annual Services Cost or up to 100 percent of the Maximum Annual Services Special Tax Revenue for all Developed Parcels, whichever is less.
 - Step 6.b.2. If additional revenue is needed after *Step 6.b.1.*, the Services Special Tax shall be levied proportionately on each Final Use Small Lot Parcel until the revenue from the Services Special Tax levy in this step, when added to the levy amount computed pursuant to *Step 6.b.1.*, equals the Annual Services Costs, or up to 100 percent of the Maximum Annual Services Special Tax Revenue for all Final Use Small Lot Parcels, whichever is less.
 - Step 6.b.3. If additional revenue is needed after *Step 6.b.2.*, the Services Special Tax shall be levied proportionately on each Large Lot Parcel until the revenue from the Services Special Tax levy in this step, when added to the levy amount computed through *Step 6.b.2.*, equals the Annual Services Costs, or up to 100 percent of the Maximum Annual Services Special Tax Revenue for all Large Lot Parcels, whichever is less.
 - Step 6.b.4. If additional revenue is needed after *Step 6.b.3.*, the Services Special Tax shall be levied on each Undeveloped Parcel until the revenue from the Services Special Tax levy in this step, when added to the levy amounts computed through *Step 6.b.3.*, equals the Annual Services Costs, or up to 100 percent of

the Maximum Annual Services Special Tax Revenue for all Undeveloped Parcels, whichever is less.

- c. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will be sent no later than the date required by the County Auditor for such inclusion.

The Administrator will make every effort to calculate the Services Special Tax correctly for each Parcel. It will be the burden of the taxpayer to identify any errors in determining which Parcels are subject to the tax and their Services Special Tax assignments.

7. Prepayment of the Services Special Tax Obligation

The Services Special Tax cannot be prepaid.

8. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Services Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Services Special Tax. The Administrator then will promptly review the appeal and, if necessary, will meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Services Special Tax levy will be corrected and, if applicable in any case, a credit or refund will be granted.

Interpretations may be made by the City, without Resolution or Ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Services Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this RMA that do not materially affect the rate, method of apportionment, or manner of collection of the Services Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

The City, upon request of an owner of land in the CFD that is not a Developed Parcel, also may amend this RMA in any manner acceptable to the City, without Resolution or Ordinance of the Council, upon the affirmative vote of such owner and without the vote of owners of any other land in the CFD, provided such amendment is only applicable to such owner's land and does not reduce the total Maximum Annual CFD Special Tax Revenue.

9. Manner of Collection

The Services Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, the Administrator or its designee may, without Council approval, directly bill the Services Special Tax and may collect the Services Special Tax

at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Attachment 1
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Maximum Annual Services Special Tax by Large Lot Parcel - Base Year 2021-22

Large Lot Number	Original Parcel APN(s)	Tax Category	Acres	No. of Units	Maximum Annual Services Special Tax per Unit [1]	Maximum Annual Services Special Tax per Large Lot [1]
Taxable Parcels						
6		Townhome	4.6	74	\$521.84	\$38,616.16
7		SFD-40	5.5	27	\$1,043.69	\$28,179.63
9		SMLD Court	2.7	35	\$782.76	\$27,396.60
10		SMLD Court	1.9	23	\$782.76	\$18,003.48
11		SMLD Alley	1.2	18	\$652.30	\$11,741.40
12		Townhome	2.7	38	\$521.84	\$19,829.92
19		SMLD Alley	1.4	22	\$652.30	\$14,350.60
23		SMLD Alley	1.9	31	\$652.30	\$20,221.30
24		SMLD Alley	1.6	26	\$652.30	\$16,959.80
13		SFD-55	1.7	9	\$1,174.15	\$10,567.35
14	043A-4675-003-	SFD-55	2.5	17	\$1,174.15	\$19,960.55
15	023, 43A-4675-	SFD-60	7.5	28	\$1,304.61	\$36,529.08
16	047-01	SFD-45	8.2	34	\$1,043.69	\$35,485.46
17		SFD-45	5.4	32	\$1,043.69	\$33,398.08
18		SFD-55	2.6	18	\$1,174.15	\$21,134.70
20		SMLD Court	1.8	24	\$782.76	\$18,786.24
21		SMLD Alley	1.8	17	\$652.30	\$11,089.10
22		SMLD Alley	4.0	55	\$652.30	\$35,876.50
25		SMLD Court	2.2	30	\$782.76	\$23,482.80
1		Townhome	5.5	97	\$521.84	\$50,618.48
2		Townhome	1.7	29	\$521.84	\$15,133.36
3		Townhome	6.7	97	\$521.84	\$50,618.48
4		Townhome	5.5	102	\$521.84	\$53,227.68
Taxable Parcel Subtotals			80.6	883		\$611,206.75
Tax-Exempt Parcels						
		Commercial	8.2	0	\$0.00	\$0.00
A		Creek	17.5	0	\$0.00	\$0.00
D		Community Park	0.3	0	\$0.00	\$0.00
G		Open Space	0.2	0	\$0.00	\$0.00
H		Community Park	2.8	0	\$0.00	\$0.00
L		Open Space	0.8	0	\$0.00	\$0.00
M		Community Park	0.5	0	\$0.00	\$0.00
N		Community Park	1.1	0	\$0.00	\$0.00
M-1		ROW	4.7	0	\$0.00	\$0.00
M-2		ROW	4.3	0	\$0.00	\$0.00
M-7	043A-4675-003-	ROW	0.7	0	\$0.00	\$0.00
E	023, 43A-4675-	Community Park	1.5	0	\$0.00	\$0.00
F	047-01	Open Space	7.3	0	\$0.00	\$0.00
I		Open Space	13.9	0	\$0.00	\$0.00
J		Open Space	15.7	0	\$0.00	\$0.00
O		Community Park	2.3	0	\$0.00	\$0.00
Q		Community Park	1.2	0	\$0.00	\$0.00
M-3		ROW	2.2	0	\$0.00	\$0.00
M-4		ROW	0.8	0	\$0.00	\$0.00
M-5		ROW	1.1	0	\$0.00	\$0.00
M-6		ROW	0.5	0	\$0.00	\$0.00
B		Open Space	5.8	0	\$0.00	\$0.00
C		Community Park	0.9	0	\$0.00	\$0.00
P		Open Space	3.9	0	\$0.00	\$0.00
R		Open Space	2.9	0	\$0.00	\$0.00
M-8		ROW	2.1	0	\$0.00	\$0.00
M-9		ROW	0.1	0	\$0.00	\$0.00
Tax-Exempt Parcel Subtotals			103.3	0		\$0.00
CFD Totals			183.9	883		\$611,206.75

"att1"

[1] The Maximum Annual Services Special Tax is increased by the Tax Escalation Factor each Fiscal Year following the Base Year of FY 2021-22.

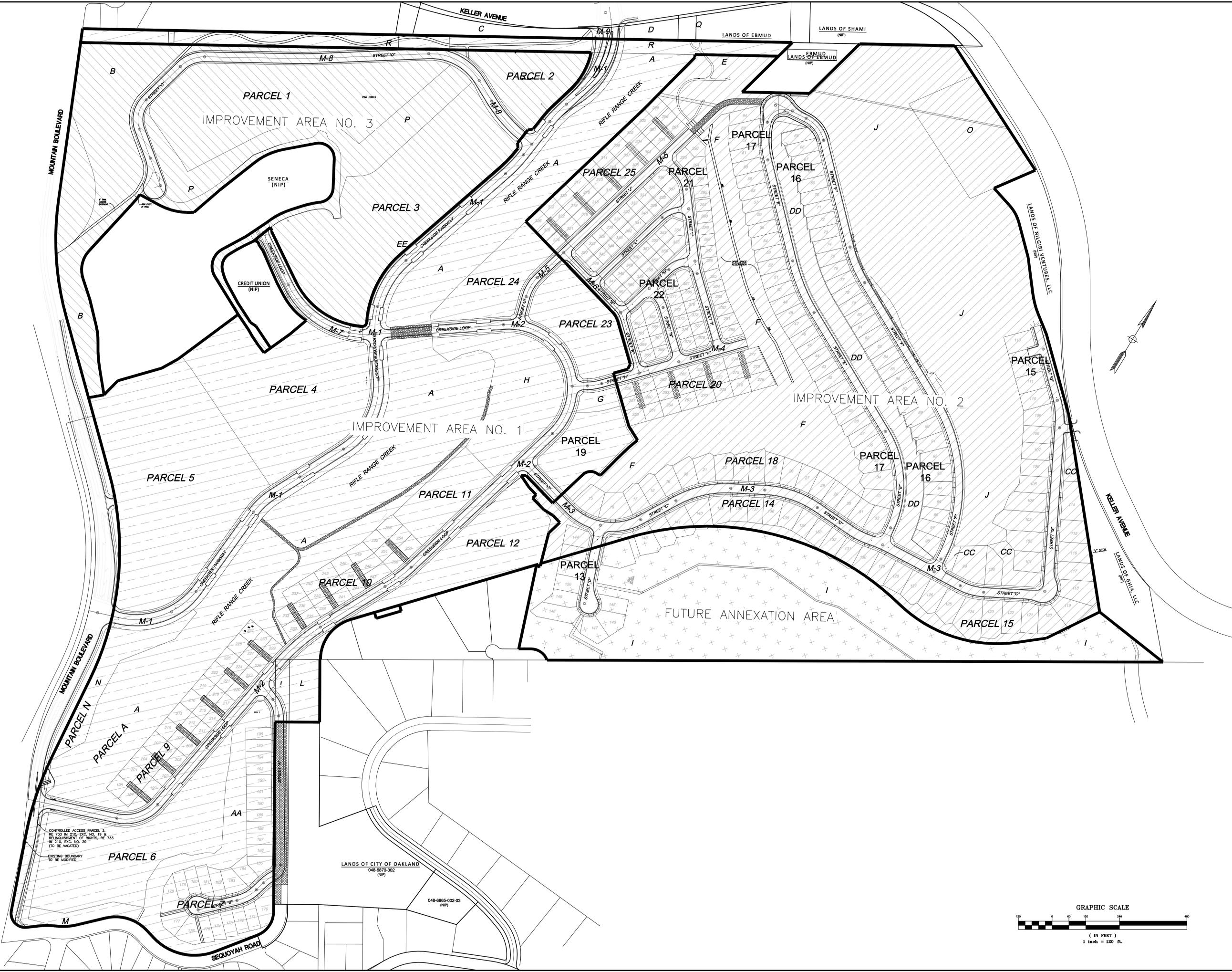
Attachment 2
Community Facilities District No. 2021-1 (Oak Knoll Facilities and Services)
Maximum Annual Services Special Tax by Large Lot Parcel - Base Year 2021-22

Tax Category	Maximum Annual Services Special Tax per Unit [1]
SFR - 4,000 sf lot	\$1,043.69
SFR - 4,500 sf lot	\$1,043.69
SFR - 5,500 sf lot	\$1,174.15
SFR - 6,000 sf lot	\$1,304.61
SMLD Court	\$782.76
SMLD Alley	\$652.30
Townhomes	\$521.84

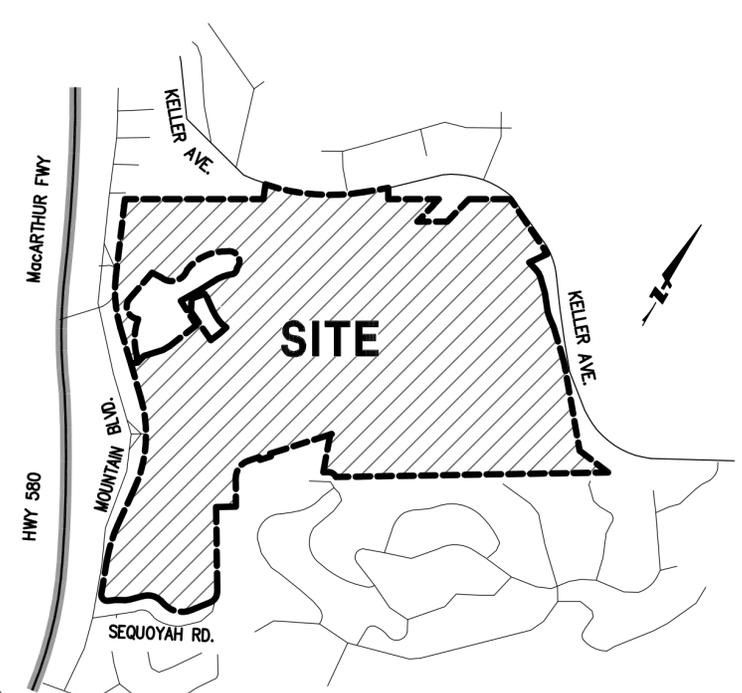
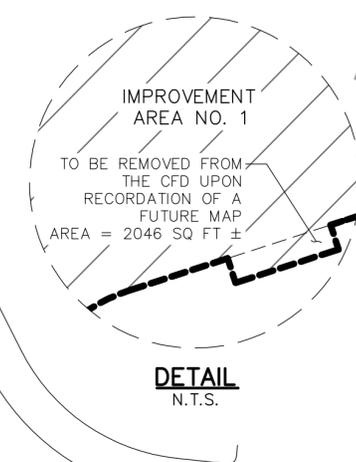
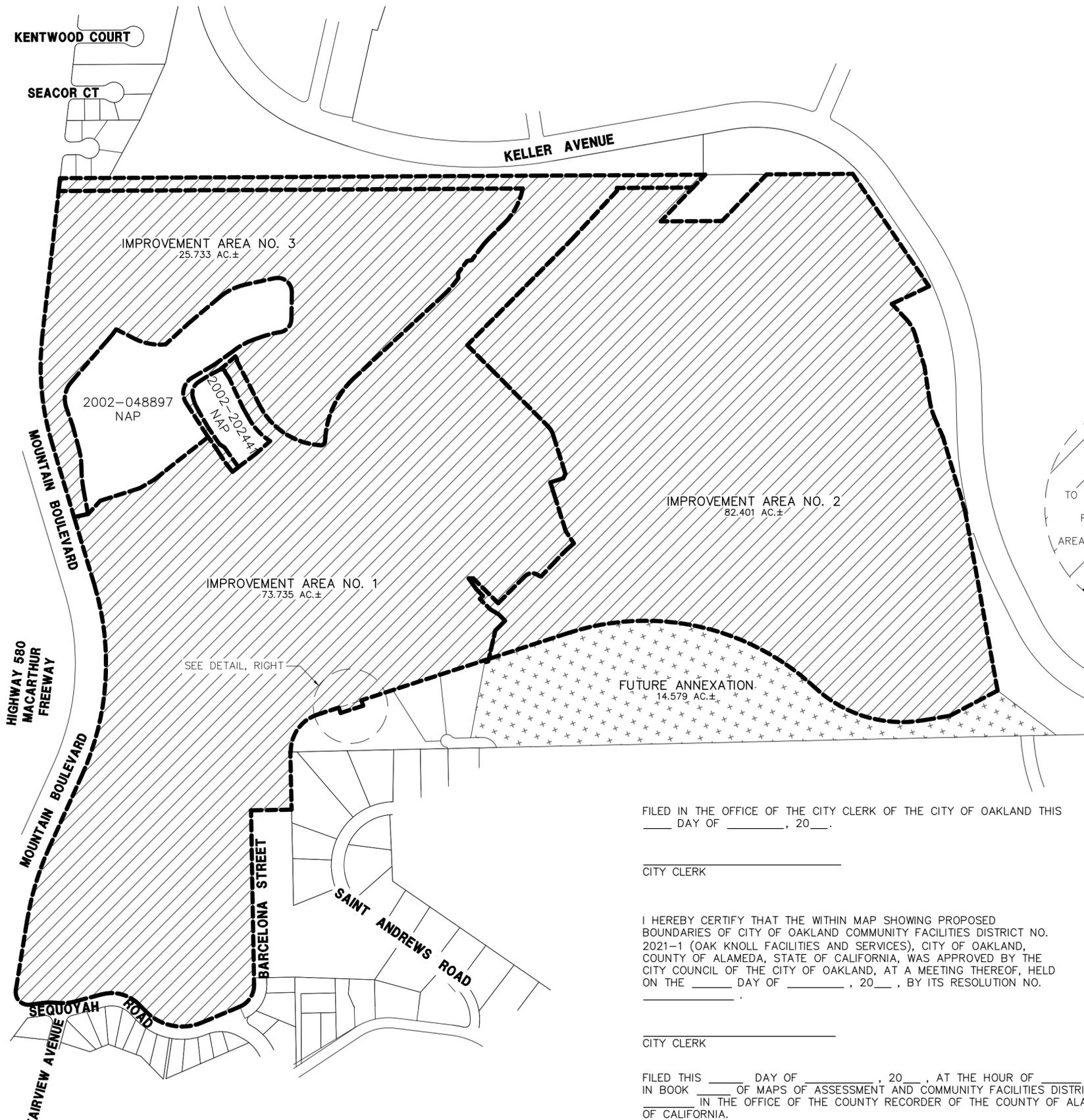
"att2"

[1] The Maximum Annual Services Special Tax is increased by the Tax Escalation Factor each Fiscal Year following the Base Year of FY 2021-22.

Date: 06/09/17	Revisions
Scale:	09/25/17 City Submittal #3
Design: N	01/30/17 City Submittal #2
Drawn: AN/EA	05/16/16 City Submittal
Approved: JN	
Job No: 20086154	
Drawing Number:	



CONTROLLED ACCESS PARCEL 3, RE 733 IM 210, EXC. NO. 18 & RELINQUISHMENT OF RIGHTS, RE 733 IM 210, EXC. NO. 20 (TO BE VACATED)
 EXISTING BOUNDARY TO BE MODIFIED
 LANDS OF CITY OF OAKLAND 048-6870-002 (NIP)
 048-6865-002-03 (NIP)



- LEGEND**
- DISTRICT BOUNDARY - CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1(OAK KNOLL FACILITIES AND SERVICES)"
 - ADJACENT LOT LINES
 - FUTURE LOT LINE
 - NAP
 - APN
 - NOT A PART ASSESSOR PARCEL NUMBER

APN TABLE

IMPROVEMENT AREA NO. 1	043A-4675-003-23 & 048-6870-001
IMPROVEMENT AREA NO. 2	043A-4675-003-23
IMPROVEMENT AREA NO. 3	043A-4675-003-23
FUTURE ANNEXATION	043A-4675-047-01

NOTES:

FOR PARTICULARS OF LINES AND DIMENSIONS OF PARCELS, REFERENCE IS MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICIAL RECORDS OF THE COUNTY OF ALAMEDA. THOSE MAPS AND DEEDS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA

LYING ENTIRELY WITHIN THE CITY OF OAKLAND ALAMEDA COUNTY, CALIFORNIA

SCALE: NOT TO SCALE SEPTEMBER 2021



1730 N. FIRST STREET
SUITE 600
SAN JOSE, CA 95112
408-467-9100
www.bkf.com

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF OAKLAND THIS ____ DAY OF _____, 20__.

CITY CLERK

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF OAKLAND COMMUNITY FACILITIES DISTRICT NO. 2021-1 (OAK KNOLL FACILITIES AND SERVICES), CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF OAKLAND, AT A MEETING THEREOF, HELD ON THE ____ DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK

FILED THIS ____ DAY OF _____, 20__, AT THE HOUR OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF ALAMEDA

