

EXHIBIT C:
RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX

Exhibit C
County of Sacramento
Mather Landscape Maintenance
Community Facilities District Area No. 1
County of Sacramento, State of California

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the County of Sacramento Mather Landscape Maintenance Community Facilities District Area No. 1 (the "CFD") of the County of Sacramento (the "County"), shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"**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 estimated costs incurred by the County to form the CFD and to determine, levy and collect the Special Taxes, including salaries of County employees and the fees of consultants; the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the County.

"**Annual Costs**" means for each Fiscal Year, the total of 1) Authorized Services 2) Administrative Expenses; and 3) any amounts needed to cure actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

"**Assessor**" means the Assessor of the County of Sacramento.

"**Authorized Services**" mean those services, as listed in the Resolution forming the CFD.

"**Base Fiscal Year**" means the Fiscal Year beginning July 1, 1999 and ending June 30, 2000.

"**Board of Supervisors**" means the Board of Supervisors of the County of Sacramento acting for the CFD under the Act.

"CFD" means the County of Sacramento Mather Landscape Maintenance Community Facilities District Area No. 1 of the County of Sacramento, State of California.

"County" means the County of Sacramento, California.

"Developed Residential Parcel" means a Parcel that has received the following development approvals from the County:

Single Family Residential	- Final Subdivision Map
Multi Family Residential	- Building Permit

"Developed Non-Residential Parcel" means a Parcel that has received the following development approvals from the County:

Business Professional	- Building Permit
Commercial	- Building Permit
Light Industrial	- Building Permit
Institutional	- Building Permit

"Director of Public Works Administration" means the Director of Public Works Administration for the County of Sacramento or his or her designee.

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

"Institutional" means a land use that includes, but is not limited to, church, day care center, or group care home.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel determined by (i) multiplying the Maximum Annual Special Tax Rate times the residential units of a Developed Residential Parcel, (ii) multiplying the Maximum Annual Special Tax Rate times the acres of a Developed Non-Residential Parcel, (iii) multiplying the Maximum Annual Special Tax Rate times the acres of an Undeveloped-Buildable Parcel, or (iv) using the dollar amount which is assigned to an Undeveloped Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in Attachment 1 for a Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Parcel based on its land use classification.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

"Parcel" means any Assessor's parcel in the CFD based on the last equalized tax roll of the County of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the last equalized tax roll of the County of each Fiscal Year.

"Public Parcel" means any Parcel that is or is intended to be publicly owned or as subsequently designated by the County 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, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes.

"Special Tax(es)" means any tax levy under the Act in the CFD.

"Subdividing Undeveloped Parcel" means an Undeveloped Parcel that is subdivided into two or more Parcels.

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

"Tax Escalation Factor" means an annual percentage increase in the Maximum Annual Special Tax Rate based upon the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers (CPI-U) Index).

"Taxable Parcel" means any Parcel that is classified as a Developed Residential Parcel, Developed Non-Residential Parcel, Undeveloped-Buildable Parcel, or Undeveloped Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below); (ii) all other Parcels not defined as Developed Residential Parcels, Developed Non-Residential Parcels, Undeveloped-Buildable Parcels, or Undeveloped Parcels; and (iii) Parcels owned by a homeowner's association.

"Undeveloped-Buildable Parcel" means a Parcel that has entitlements for non-residential or multi-family land uses but has not been issued a building permit.

"Undeveloped Parcel" means a Parcel that is not classified as a Developed Residential Parcel, a Developed Non-Residential Parcel, an Undeveloped-Buildable Parcel, or a Public Parcel. Attachment 2 shows the Undeveloped Parcels, numbered 1 through 3, at the time of formation of the CFD.

3. DURATION OF THE SPECIAL TAX

Parcels in the CFD will remain subject to the special tax in perpetuity.

4. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The Director of Public Works Administration shall prepare a list of Parcels subject to the Special Tax using County records including those of the County Assessor. The County shall identify the Taxable Parcels from a list of Parcels within the CFD using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.
- 2) The remaining Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to timely correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

5. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

- A. Assignment of Maximum Annual Special Tax to Developed Residential Parcels and Developed Non-Residential Parcels. Attachment 1 shows the Base Fiscal Year Maximum Annual Special Tax Rate for Developed Residential Parcels and Developed Non-Residential Parcels. Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax Rates shall be increased in accordance with the Tax Escalation Factor.

For a Developed Residential Parcel, the Maximum Annual Special Tax shall be calculated by multiplying the Maximum Annual Special Tax Rate times the actual residential units of the Parcel. For a Developed Non-Residential Parcel, the Maximum Annual Special Tax shall be calculated by multiplying the Maximum Annual Special Tax Rate times the acres of the Parcel. Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax Rates shall be increased in accordance with the Tax Escalation Factor.

- B. Assignment of Maximum Annual Special Tax to Undeveloped-Buildable Parcels. Attachment 1 shows the Base Fiscal Year Maximum Annual Special Tax Rate for Undeveloped-Buildable Parcels. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate times the acres of the Parcel. Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax Rate shall be increased in accordance with the Tax Escalation Factor.
- C. Assignment of Maximum Annual Special Tax to Undeveloped Parcels. Attachment 1 shows the Base Fiscal Year Maximum Annual Special Tax for Undeveloped Parcels. Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax shall be increased in accordance with the Tax Escalation Factor.
- D. Reassignment of Maximum Annual Special Tax at Subdivision of Undeveloped Parcels. As an Undeveloped Parcel is subdivided (a "Subdividing Undeveloped Parcel") and Parcels are created, the reassignment of the Maximum Annual Special Tax from the Subdividing Undeveloped Parcel to the newly created Undeveloped Parcel(s) shall be determined by subtracting an amount equivalent to the Maximum Annual Special Tax assigned to the newly created Developed Residential Parcel(s), Developed Non-Residential Parcel(s), and Undeveloped-Buildable Parcel(s) from the Maximum Annual Special Tax associated with the Subdividing Undeveloped Parcel. If more than one Undeveloped Parcel is created from a Subdividing Undeveloped Parcel, then the Maximum Annual Special Tax for each newly created Undeveloped Parcel shall be determined based on its proportionate share of total number of acres of the newly created Undeveloped Parcels or by an alternative method as determined by the Director of Public Works Administration. In any event, the Maximum Annual Special Tax assigned to each newly created Undeveloped Parcel(s) shall be increased annually in accordance with Section 5.C. above.
- E. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a Developed Residential Parcel, Developed Non-

Residential Parcel, or an Undeveloped-Buildable Parcel, it shall become subject to the Special Tax.

- F. Taxable Parcels Acquired by a Public Agency. If a Developed Residential Parcel, Developed Non-Residential Parcel, or an Undeveloped-Buildable Parcel is acquired by a public agency after the CFD is formed, it will remain subject to the applicable Special Tax unless the applicable Special Tax is transferred to one or more Parcels within the CFD. All of the County's costs and CFD's costs associated with any such transfer of Special Tax shall be paid for by the proponents of the transfer.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

The Special Tax levy for each Taxable Parcel will be established annually as follows:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Special Tax for each Taxable Parcel as follows:
- Step 1: Compute 100% of the Maximum Annual Special Tax Revenue for all Developed Residential Parcels and Developed Non-Residential Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Annual Special Tax Revenue, decrease proportionately the Special Tax levy for each Developed Residential Parcel and Developed Non-Residential Parcel until the Maximum Annual Special Tax Revenue equals the Annual Costs.
 - Step 4: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Residential Parcels and Developed Non-Residential Parcels, divide the amount of the Annual Costs not funded by Developed Residential Parcels and Developed Non-Residential Parcels by the Maximum Annual Special Tax Revenue from Undeveloped-Buildable Parcels and Undeveloped Parcels. Multiply the result of this calculation by the Maximum Annual Special Tax Rate for each Undeveloped-Buildable Parcel and the Maximum Annual Special Tax for each Undeveloped Parcel to arrive at the Special Tax levy for each Undeveloped-Buildable Parcel and Undeveloped Parcel. However, in no instance can the amount levied exceed 100% of the Maximum Annual Special Tax.
- C. Prepare the Tax Collection Schedule listing the Special Tax levy for each Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The County shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the Special Tax and their Special Tax assignments.

As development and subdivision of the project takes place, the Director of Public Works Administration will maintain a file of each current Assessor's Parcel Number of the Parcels within the CFD and the authorized Maximum Annual Special Tax on all such Parcels available for public inspection. This record shall also include a brief description of the assignment of the Maximum Annual Special Tax each time a new Parcel was created.

7. ADMINISTRATIVE CHANGES AND APPEALS

The Director of Public Works Administration or designee has the authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer that feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Director of Public Works Administration to appeal the levy of the Special Tax. The Director of Public Works Administration will then promptly review the appeal, and if necessary, meet with the applicant. If the Director of Public Works Administration verifies that the tax should be modified or changed, a recommendation at that time will be made to the Board of Supervisors and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Board of Supervisors for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

**Attachment 1
County of Sacramento
Mather Landscape Maintenance
Community Facility District Area No. 1**

Tax Status	Undeveloped Parcel Number [2]	Units	Base Fiscal Year		Maximum Annual Special Tax
			Maximum Special Tax Rate [3]	Annual	
Developed Residential [1] Non-Residential		386	\$91 per Unit \$360 per Acre		Note [4] Note [4]
Undeveloped-Buildable			\$360 per Acre		Note [4]
Undeveloped [5]	1				\$6,097
	2				\$2,366
	3				\$72,072

[1] At the time of CFD formation there were 386 recorded final map lots that were recorded through the filing of the following Final Maps of Independence at Mather: Village 1A, 1B, and 2C. However, Assessor's Parcel Numbers (APNs) have not yet been assigned to any of these Developed Residential Parcels.

[2] Undeveloped Parcels are shown in Attachment 2. Undeveloped Parcels 1 and 2 currently have APNs assigned to them. They are:
 Undeveloped Parcel 1: 067-0020-031
 Undeveloped Parcel 2: 067-0020-032
 All remaining acreage within the CFD except for the Developed Residential Parcels (refer to Note 1 above) and Undeveloped Parcels 1 and 2 has been assigned to Undeveloped Parcel 3 pending the assignment of APNs.

[3] Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax Rates shall be increased in accordance with the Tax Escalation Factor.

[4] For Developed Residential Parcels, the Maximum Annual Special Tax will be determined by multiplying the number of residential units per Parcel times the Maximum Annual Special Tax Rate. For Developed Non-Residential Parcels, the Maximum Annual Special Tax will be determined by multiplying the number of acres times the Maximum Annual Special Tax Rate. Currently, there are no non-residential land uses planned for in the CFD. For Undeveloped-Buildable Parcels, the Maximum Annual Special Tax will be determined by multiplying the number of acres times the Maximum Annual Special Tax Rate.

[5] Each Fiscal Year following the Base Fiscal Year, the Maximum Annual Special Tax shall be increased in accordance with the Tax Escalation Factor.

ATTACHMENT 2
 PROPOSED BOUNDARIES OF
 COUNTY OF SACRAMENTO
**MATHER LANDSCAPE MAINTENANCE
 COMMUNITY FACILITIES DISTRICT AREA NO. 1**
 COUNTY OF SACRAMENTO STATE OF CALIFORNIA

PAVING CONTRACTOR
 ELECTRICAL CONTRACTOR
WOOD-RODGERS INC.
 1210 S. JENSEN AVENUE, SUITE 114
 FRESNO, CA 93721
 PHONE: (518) 341-7780
 NOVEMBER 1999
 Sheet 1 of 1
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