

EXHIBIT D

COUNTY OF SACRAMENTO COMMUNITY FACILITIES DISTRICT NO. 2014-2 (NORTH VINEYARD STATION NO. 2)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the County of Sacramento Community Facilities District No. 2014-2 (North Vineyard Station No. 2) shall be levied and collected according to the tax liability determined by the Board of Supervisors, acting in its capacity as the legislative body of the CFD, through the application of the appropriate Special Tax rate, as described below. All of the property in CFD No. 2014-2, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate Rate and Method of Apportionment is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Accessory Unit” means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

“Acre” means each acre of the land area making up 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 recorded County parcel map.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees and expenses of its counsel) employed in connection with any Bonds, and the expenses of the County in carrying out its duties for such Bonds, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County Finance Director, amounts needed to rebate the federal government with respect to arbitrage earnings on any of such Bonds, costs associated with complying with continuing disclosure requirements, and all other costs and expenses of the County in any way related to the establishment or administration of the CFD.

“Administrator” means the Director of the Community Development Department or his/her designee or such other person or department as the Board may designate to serve as the Administrator of the Special Tax.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

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

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by Special Taxes collected within the CFD, pursuant to the documents adopted by the Board at CFD Formation.

“Board” means the Sacramento County Board of Supervisors.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the County pursuant to the authority granted by the CFD under the Act.

“Building Permit(s)” means a single permit or set of permits required to construct an entire structure, which structure may include stand-alone surface parking, common areas, landscaping, or other areas. If a permit is issued for parking, landscaping or another related facility or amenity, but a building permit has not yet been issued for the structure that these facilities or amenities serve, such permits shall not be considered “Building Permits” for purposes of application of the Special Tax herein.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD” or **“CFD No. 2014-2”** means the County of Sacramento Community Facilities District No. 2014-2 (North Vineyard Station No. 2).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD was adopted by the Board.

“County” means the County of Sacramento.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which Building Permits have been issued on or prior to June 1 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Final Map Property, and Undeveloped Property.

“Expected Land Uses” means the total number of Residential Units that, as of CFD Formation or upon annexation into the CFD, were expected to be developed within each Village, as identified in Attachments 1 and 2 hereto and, for annexations, as identified in the Unanimous Approval Form. Pursuant to Sections D and E below, the Administrator shall update Attachments 1 and 2 each time there is a Land Use Change or property is annexed into the CFD.

“Expected Maximum Special Tax Revenue” means the amount that could be collected if the Maximum Special Tax was levied on the Expected Land Uses. The Expected Maximum Special Tax Revenue as of CFD Formation is shown in Attachment 2, and such amount may be adjusted pursuant to Sections D and E below, or if Parcels within the CFD prepay all or a portion of the Special Tax obligation.

“Final Bond Sale” means the last series of Bonds that will be issued on behalf of the CFD (excluding any Bond refundings), as determined in the sole discretion of the County.

“Final Map” means a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates SFD Lots. The term “Final Map” shall not include any large lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create SFD Lots, including property designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all Single Family Detached Property for which a Final Map was recorded prior to June 1 of the preceding Fiscal Year and which has not yet become Developed Property.

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

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “future annexation area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the CFD, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act.

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

“Land Use Change” means a proposed or approved change to the Expected Land Uses within a Village or a portion of a Village after CFD Formation.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Multi-Family Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit has been issued for construction of a residential structure with five or more Residential Units that share a single Assessor’s Parcel number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

“Other Property” means, in any Fiscal Year, all Parcels of Developed Property in the CFD that are not Single Family Detached Property, Single Family Attached Property, Multi-Family Property, or Taxable Public Property.

“Public Property” means any property within the boundaries of the CFD that is owned by the federal government, State of California, County, other public agency.

“Residential Property” means, collectively, Single Family Detached Property, Single Family Attached Property, and Multi-Family Property.

“Residential Unit” means a single-family detached unit or an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, or condominium structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Residential Unit for purposes of this RMA.

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

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit was or is permitted to be issued for construction of a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved tentative map.

“Single Family Attached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a Building Permit or use permit was issued for construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share a Parcel with another duplex unit), and may be purchased by individual homebuyers (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owner), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a Building Permit was issued or is permitted to be issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish reserve funds for the Bonds to the extent such replenishment has not been included in the computation of Special Tax Requirement in a previous Fiscal Year; (iii) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (iv) pay Administrative Expenses; and (v) pay directly for Authorized Facilities. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the

extent that such earnings or balances are available to apply against debt service pursuant to the Indenture; (ii) proceeds received from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to reduce the Special Tax Requirement as determined by the Administrator.

“Specific Plan” means the North Vineyard Station Specific Plan approved by the Board on November 4, 1998, as may be amended from time to time.

“Specific Plan Land Use Designation” means the land use designation assigned to a particular Parcel in the Specific Plan.

“Target Special Tax” means the Special Tax per Residential Unit that was used to determine the Expected Maximum Special Tax Revenue for each Village, as shown in Attachment 2. If the Expected Land Uses shown in Attachments 1 and 2 do not change, or if the number of Residential Units within a Village increases, the Target Special Tax will be the Maximum Special Tax for each Residential Unit within the Village.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of the CFD that are not exempt from the Special Tax pursuant to law or Section H below.

“Taxable Public Property” means any property within the CFD that, based on reference to Attachment 1, was expected to be Residential Property and instead becomes Public Property. Notwithstanding the foregoing, if the Administrator determines that an equal amount of Acreage within the CFD that was expected to be Public Property is rezoned and, based on this rezoning, is subject to the levy of the Special Tax, the Parcel of Public Property can be deemed exempt from the Special Tax if the Administrator determines that there is no loss in Expected Maximum Special Tax Revenue from granting such exemption.

“Unanimous Approval Form” means that form executed by the record owner of fee title to a Parcel or Parcels included within the Future Annexation Area and annexed into the CFD that constitutes the property owner’s approval and unanimous vote in favor of annexing the property into the CFD and authorizing the levy of Special Taxes against his/her Parcel or Parcels pursuant to this RMA.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not yet Developed Property or Final Map Property.

“Village” means a specific geographic area within the CFD that (i) is assigned a numerical identification on Attachment 1, (ii) is expected to have single family lots that fall within a particular Specific Plan Land Use Designation, and (iii) is assigned Expected Maximum Special Tax Revenue in Attachment 2 based on the Expected Land Uses for that Village. Additional Villages may be designated at such time as property annexes into the CFD, and a Target Special Tax and Expected Maximum Special Tax Revenue shall be identified for the Village in the Unanimous Approval Form at the time of such annexation.

B. DATA FOR ANNUAL ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property. The Administrator shall also determine: (i) whether each Assessor's Parcel of Taxable Property is Developed Property, Final Map Property, or Undeveloped Property, (ii) for Developed Property, which Parcels are Single Family Detached Property, Single Family Attached Property, Multi-Family Property, Other Property, and Taxable Public Property, (iii) for Parcels of Single Family Attached Property, the number of Residential Units on each Parcel, (iv) the Specific Plan Land Use Designation for each Parcel, and (v) the Special Tax Requirement.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) one or more of the newly-created parcels is in a different Development Class than other parcels created by the subdivision, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

In addition, the Administrator shall, *on an ongoing basis*, monitor whether changes in land use have been proposed that will affect the Expected Land Uses and whether Final Maps that have been proposed for approval by the Board are consistent with the Expected Land Uses. If changes to the Expected Land Uses are proposed, the Administrator shall apply the steps set forth in Section D below.

C. MAXIMUM SPECIAL TAX

1. Single Family Detached Property and Single Family Attached Property

The following Target Special Taxes shall be the Maximum Special Tax for Residential Units on Parcels of Single Family Detached Property and Single Family Attached Property within the CFD if the number and type of Residential Units within a Village or portion of a Village in a Final Map produces Expected Maximum Special Tax Revenue that is greater than or equal to that generated by the Expected Land Uses shown for that Village or portion of the Village based on Attachments 1 and 2. If the number or type of Residential Units within a Village or a portion of a Village included within a Final Map is different than the Expected Land Uses, and such difference would reduce the Expected Maximum Special Tax Revenue if the Target Special Taxes were levied on the Residential Units, then the Maximum Special Tax per Residential Unit shall be determined pursuant to Section D below.

**TABLE 1
TARGET SPECIAL TAX**

<i>Land Use Category</i>	<i>Specific Plan Land Use Designation</i>	<i>Target Special Tax (Fiscal Year 2014-15)*</i>
Single Family Detached Property	Single Family Residential 3-5 (SFR 3-5)	\$1,673 per Residential Unit
Single Family Detached Property	Single Family Residential 4-7 (SFR 4-7)	\$1,494 per Residential Unit
Single Family Detached Property or Single Family Attached Property	Medium Density Residential 7-12 (SFR 7-12)	\$1,135 per Residential Unit
Single Family Detached Property or Single Family Attached Property	Multi-Family Residential 12-22 (MFR 12-22)	\$1,135 per Residential Unit

*** On July 1, 2015 and on each July 1 thereafter, all figures shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.**

2. Multi-Family Property and Other Property

The Maximum Special Tax for Multi-Family Property and Other Property in the CFD is \$12,050 per Acre for Fiscal Year 2014-15 and shall increase, on July 1, 2015 and on each July 1 thereafter, by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

3. Final Map Property

The Maximum Special Tax for each SFD Lot within Final Map Property shall either be the Target Special Tax for that Village as identified in Attachment 2, or if the number of SFD Lots is less than that shown in the Expected Land Uses for that Village or portion of the Village included in the Final Map, the Maximum Special Tax per SFD Lot shall be determined pursuant to Section D below.

4. Undeveloped Property

The Maximum Special Tax for Undeveloped Property in the CFD shall be \$12,050 per Acre for Fiscal Year 2014-15 and shall increase, on July 1, 2015 and on each July 1 thereafter, by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

D. LAND USE CHANGES

The Expected Maximum Special Tax Revenue for each Village shown in Attachment 2 was calculated based on the Expected Land Uses at CFD Formation; separate Expected Land Uses and Expected Maximum Special Tax Revenue will be identified for any property that annexes into the CFD. The Administrator shall review all Land Use Changes within the CFD and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenue. In addition, the Administrator shall review Final Maps to determine if there has been a change in the Expected Land Uses for the area within the Final Map.

If, *prior to Final Bond Sale*, a Land Use Change is proposed that will result in a reduction in the Expected Maximum Special Tax Revenue for the Village(s) or portion of the Village(s) affected by the Land Use Change, no action will be needed pursuant to this Section D as long as the reduction in Expected Maximum Special Tax Revenue does not reduce debt service coverage on outstanding Bonds below the minimum debt service coverage committed to in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage. Upon approval of the Land Use Change, the Administrator shall update Attachment 2 to show the reduced Expected Maximum Special Tax Revenue, which shall then be the amount used to size the Final Bond Sale.

If the proposed Land Use Change would reduce debt service coverage on outstanding Bonds below the minimum debt service coverage, either (i) a prepayment must be made by the landowner requesting the Land Use Change in an amount sufficient to retire Bonds in the amount necessary to maintain the minimum required debt service coverage, or (ii) Steps 1 through 3 set forth below must be applied to reallocate the Expected Maximum Special Tax Revenue among the new land uses within the area affected by the Land Use Change.

If a Land Use Change is proposed *after the Final Bond Sale*, the following steps shall be applied:

- Step 1:** By reference to Attachment 2 (which shall be updated by the Administrator each time a Land Use Change has been processed according to this Section D), the Administrator shall identify the Expected Maximum Special Tax Revenue for the area affected by the Land Use Change;
- Step 2:** The Administrator shall calculate the Expected Maximum Special Tax Revenue that could be collected from Taxable Property within the area affected by the Land Use Change if such change is approved;
- Step 3:** If the amount calculated in Step 2 is higher than that determined in Step 1, no further action is needed. If the revenues calculated in Step 2 are less than those calculated in Step 1, and if the landowner requesting the Land Use Change does not prepay a portion of Expected Maximum Special Tax Revenue in an amount that corresponds to the lost revenue, then the Target Special Tax for each Parcel

of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Special Tax Revenue for the area affected by the Land Use Change is the same as it was prior to the Land Use Change.

If multiple Land Use Changes are proposed simultaneously by a single landowner (which may include approval of multiple Final Maps at one time), and the landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Special Tax Revenue. If there is a reduction, the Administrator shall increase the Target Special Tax proportionately in all of the Final Maps that the landowner requested be considered together until the aggregate amount that can be levied within those Final Maps is equal to the amount that could have been levied prior to the proposed Land Use Changes. If Land Use Changes are proposed simultaneously by multiple landowners, or if an individual landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a Parcel of Single Family Detached Property or Single Family Attached Property, the Maximum Special Tax for the Parcel cannot be increased because of future Land Use Changes that may occur within the Village in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the administration of the Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider or owner of property any right to receive notice of the potential impact of Land Use Change on the Special Tax applicable to a Parcel; and each developer, subdivider or owner of property whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Special Tax applicable to such property.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into the CFD, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1:** Working with County staff and the landowner, the Administrator shall determine the Maximum Special Tax that will apply to Residential Property and Other Property within the area to be annexed, which may or may not be based on the Target Special Taxes identified herein. Once determined, the Maximum Special Taxes for the annexing area shall be identified in the Unanimous Approval Form which will be signed by the property owner as part of the annexation process.

- Step 2:** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the CFD.
- Step 3:** The Administrator shall prepare and keep on file an updated Attachment 2 that adds the annexed property and identifies the Expected Land Uses and revised Expected Maximum Special Tax Revenue for the CFD. After the annexation is complete, the application of Sections D, F and I of this RMA shall be based on the adjusted Expected Land Uses and Expected Maximum Special Tax Revenue including the newly annexed property. To the extent possible, the Administrator shall also either prepare an updated Attachment 1 or keep on file an exhibit that identifies the layout of Expected Land Uses in the newly annexed area.
- Step 4:** The Administrator shall recalculate the Public Facilities Requirement used in the prepayment calculation in Section I below to include the estimated net proceeds that can be generated to fund Authorized Facilities based on the Maximum Special Tax capacity from the annexed area. The adjusted Public Facilities Requirement shall be calculated by (i) dividing the increased Expected Maximum Special Tax Revenue that can be collected after the annexation by the Expected Maximum Special Tax Revenue that was in place prior to the annexation, and (ii) multiplying the quotient by the Public Facilities Requirement that was in place prior to the annexation.

If an owner of a Parcel or Parcels outside the Future Annexation Area wants to annex into the CFD, and the County agrees to such annexation, the procedures set forth in Section 53339 *et seq.* of the Act shall be used to process the annexation. The Administrator shall apply the steps set forth above, using, for Step 1, the maximum special taxes identified in the Rate and Method of Apportionment of Special Tax adopted as part of the annexation proceedings instead of a Unanimous Approval Form.

F. METHOD OF LEVY OF THE SPECIAL TAX

The Administrator shall determine the Special Tax Requirement to be collected each Fiscal Year, and the Special Tax shall be levied according to the steps outlined below.

- Step 1:** The Special Tax shall be levied proportionately on each Parcel of Developed Property up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts.
- Step 2:** If additional revenue is needed to pay the Special Tax Requirement after Step 1 and after applying Capitalized Interest to the Special Tax Requirement, the Special Tax shall be levied proportionately on each Assessor's Parcel of Final Map Property, up to 100% of the Maximum Special Tax for Final Map Property

for such Fiscal Year until the amount levied is equal to the Special Tax Requirement.

Step 3: If additional revenue is needed to pay the Special Tax Requirement after Step 2, and after applying Capitalized Interest to the Special Tax Requirement, the Special Tax shall be levied proportionately on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year until the amount levied is equal to the Special Tax Requirement.

Step 4: If additional revenue is needed after applying the first three steps, the Special Tax shall be levied proportionately on each Parcel of Taxable Public Property, exclusive of property exempt from the Special Tax pursuant to Section H below, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year.

G. COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section I below and provided further that the County may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Special Tax proceeds have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2055-56. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied on the following: (i) Public Property, except Taxable Public Property, (ii) Parcels that are designated as permanent open space or common space on which no structure is permitted to be constructed, (iii) Parcels owned by a public utility for an unmanned facility, (iv) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement, and (v) Parcels that have fully prepaid the Special Tax obligation, as determined pursuant to the formula set forth in Section I below. Notwithstanding the foregoing, if a Parcel has been Taxable Property in prior Fiscal Year, and the entire Parcel subsequently meets the criteria for any of the exempted categories above, the

Parcel shall remain subject to the Special Tax levy unless and until a prepayment is made to release the Parcel from its Special Tax obligation. If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of Special Taxes.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, a Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued on behalf of the CFD prior to the date of prepayment.

“Public Facilities Requirements” means either (i) \$13.1 million in 2014 dollars, which shall increase on January 1, 2015, and on each January 1 thereafter, by two percent (2%) of the amount in effect in the prior year, or (ii) such other number as shall be determined by the Administrator to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of the CFD and from the increased Expected Maximum Special Tax Revenue that may be added from future annexations.

“Remaining Facilities Costs” means the Public Facilities Requirements (as defined above), minus public facility costs funded by Previously Issued Bonds (as defined above), developer equity, Special Tax revenues, and/or any other source of funding.

1. Full Prepayment

The Special Tax obligation applicable to a Parcel in the CFD may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax obligation shall provide the County with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Administrator or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Compute the total Maximum Special Tax that could be collected from the Assessor’s Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the County or, in the event of a prepayment pursuant to Step 3 in Section D, compute the amount by which the Expected Maximum Special Tax Revenue would be reduced by the Land Use Change and use the amount of this reduction as the figure for purposes of this Step 1.
- Step 2.** Divide the Maximum Special Tax from Step 1 by the then-current Expected Maximum Special Tax Revenue for the CFD.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.
- Step 8.** Compute the amount of interest the County reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption

Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.

- Step 9.** Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the “*Defeasance Requirement*”).
- Step 10.** Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “*Administrative Fees and Expenses*”).
- Step 11.** If and to the extent so provided in the indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).
- Step 12.** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the “*Prepayment Amount*”).
- Step 13.** From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Construction Fund or Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment of a Parcel’s Special Tax obligation has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel to reflect the discharge of the Parcel’s obligation to pay the Special Tax. However, a Notice of Cancellation of Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the

entire Special Tax obligation were being prepaid pursuant to Section I.1 above.

- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the “Remaining Percentage.”
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

J. INTERPRETATION OF SPECIAL TAX FORMULA

The County reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the County’s discretion. Interpretations may be made by the County by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

ATTACHMENT 1

**County of Sacramento
Community Facilities District No. 2014-2
(North Vineyard Station No. 2)**

Identification of Tax Zones and Expected Land Uses

ATTACHMENT 2

County of Sacramento Community Facilities District No. 2014-2 (North Vineyard Station No. 2)

Expected Land Uses and Expected Maximum Special Tax Revenue

Village	Expected Number of Residential Units	Specific Plan Land Use Designation	Target Special Tax (FY 2014-15) *	Expected Maximum Special Tax Revenue (FY 2014-15) *
Village 1	35 Residential Units	SFR 4-7	\$1,494 per Residential Unit	\$52,290
Village 2	73 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$122,129
Village 3	84 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$140,532
Village 4	57 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$95,361
Village 5	54 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$90,342
Village 6	59 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$98,707
Village 7	49 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$81,977
Village 8	78 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$130,494
Village 9	4 Residential Units	SFR 3-5	\$1,673 per Residential Unit	\$6,692
Village 10	94 Residential Units	SFR 4-7	\$1,494 per Residential Unit	\$140,436
Total	587 Residential Units			\$958,960

* On July 1, 2015 and each July 1 thereafter, the Target Special Taxes and the Expected Maximum Special Tax Revenue shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.