

EXHIBIT C

COUNTY OF SACRAMENTO COMMUNITY FACILITIES DISTRICT NO. 2005-01 (POLICE SERVICES) RATE AND METHOD OF APPORTIONMENT

A Special Tax of Community Facilities District No. 2005-01 (Police Services) of the County of Sacramento (the "District") shall be levied on all Assessor's Parcels in the District and collected each Fiscal Year commencing in Fiscal Year 2005-06 in an amount determined by the County through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final subdivision map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrator" means the Administrator of the County's Municipal Services Agency or her designee or other person designated by the County to administer the Special Taxes according to this Rate and Method of Apportionment.

"Administrative Expenses" means the actual or estimated costs incurred by the County as Administrator of the District to determine, levy and collect the Special Taxes, including, but not limited to; legal counsel, the costs of placing and collecting installments of the Special Taxes upon the general tax rolls, salaries and benefits of County employees whose duties are directly related to administration of the District and the fees of consultants, preparation of required reports; and any other costs required to administer the District as determined by the County.

"Annual Escalation Factor" means the lesser of the increase in the annual percentage change (from January of the previous year to January of the year that the Special Tax is levied) of the All Urban Consumers Consumer Price Index (CPI) or five percent (5%). The annual CPI used shall be for the area of San Francisco-Oakland-San Jose as determined by the Bureau of Labor Statistics as reported.

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

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

"Base Year" means Fiscal Year ending June 30, 2006.

"Board" means the County Board of Supervisors, acting as the legislative body of the District.

"County" means the County of Sacramento, California.

"District" means Community Facilities District No.2005-01 (Police Services) of the County of Sacramento.

"Developed Accessory Residential Dwelling" means a second residential structure for which a building permit has been issued on a Developed Single-Family Residential parcel pursuant to County zoning regulations allowing such secondary residential units of limited size.

"Developed Infill Accessory Residential Dwelling" means all Developed Accessory Residential Dwellings that are Infill Property.

"Developed Infill Multi-Family Residential" means all Assessor's Parcels of Developed Multi-Family Residential that are Infill Property.

"Developed Infill Single-Family Residential" means all Assessor's Parcels of Developed Single-Family Residential that are Infill Property.

"Developed Multi-Family Residential" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing a residential structure consisting of three or more residential units, including, but not limited to, apartment units, townhouses, condominiums, and cluster developments.

"Developed Property" means the following Taxable Property, in any Fiscal Year:

- (1) All Parcels of Developed Single Family Residence for which a Final Map was recorded prior to June 1 of the preceding Fiscal Year, and
- (2) All Parcels of Developed Multi-Family Residence for which a building permit was issued for construction of a residential structure prior to June 1 of the preceding Fiscal Year.
- (3) All Parcels of Developed Accessory Residential Dwellings for which a building permit was issued for construction of a residential structure prior to June 1 of the preceding Fiscal Year.

"Developed Single-Family Residential" means all Assessor's Parcels of Developed Property for which a building permit may be issued for purposes of constructing one single-

family residential dwelling unit, two-family dwelling (duplex), or two-family dwelling (halfplex).

"Final Map" means an Assessor's Parcel Map, a final subdivision map, other parcel map, other final map, other condominium plan, or functionally equivalent map that has been recorded in the Office of the County Recorder.

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

"Infill Property" means all property located inside the Urban Policy Area as identified in the Sacramento County General Plan in place at the initial formation of this District, exclusive of territory within cities and parcels located within the Vineyard Springs Comprehensive Plan, North Vineyard Station Specific Plan, Mather Specific Plan, Florin-Vineyard "Gap" Community Plan, and Elverta Specific Plan areas, or subsequent to the formation of this district, within any area designated by the Board of Supervisors on the General Plan, Community Plan, or Specific Plan as a new Urban Growth Area. The Administrator shall make the determination in regard to any questions about a specific parcel being designated as urban growth or infill.

"Land Use Class" means any of categories of Taxable Property listed in Table 1 by applicable special tax rate.

"Lot" means property within a recorded Final Map identified by a lot number for which a building permit has been issued or may be issued.

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

"Non-Residential Property" means all Assessors' Parcels for which a building permit(s) may be issued for a non-residential use and does not contain any residential units as defined under Developed Single Family Residence or Developed Multi-Family Residence.

"Police Service Costs" means the contribution to the estimated and reasonable costs of providing Police Services, including but not limited to (i) the costs of contracting services, (ii) the salaries and benefits of County staff that directly provide Police Services, (iii) County overhead costs associated with providing such services within the District, and (iv) other costs incidental to providing Police Services within the District. The Special Tax provides only partial funding for Police Services.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels within each Land Use Class.

"Public Property" means any property within the boundaries of the District that is, at the time of the District formation or at the time of an annexation, used or expected to be used for rights-of-way, parks, schools or any other public purpose and is owned by or irrevocably offered for dedication to the federal government, the State, the County, the County or any other public agency.

"Special Tax" means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement, and shall include Special Taxes levied or to be levied under Sections C and D, below.

"Special Tax Requirement" means that amount required in any Fiscal Year for the District to: (i) pay for Police Services Costs; (ii) pay reasonable Administrative Expenses; (iii) pay any amounts required to establish or replenish any reserve funds; and (iv) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less any surplus of funds available from the previous Fiscal Year's Special Tax levy.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of the District and any future annexation to the District that are not exempt from the Special Tax pursuant to law or as defined herein.

"Tax-Exempt Property" means all Assessors' Parcels not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, (ii) Non-Residential Property, and (iii) property designated by the County or Administrator as Tax-Exempt Property. Non-Residential Property has Tax Exempt status only so long as no building permits for residential structures are issued pursuant to County zoning regulations allowing residential uses in certain commercial zones.

"Undeveloped Property" means, for each Fiscal Year, all Assessor's Parcels of Taxable Property not classified as Developed Property, including an Assessor's Parcel that is designated as a remainder parcel and is not identified as potential Public Property by any final documents and/or maps available to the Administrator.

"Unit" means any separate residential dwelling unit in which a person or persons may live, which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units and is not considered to be for commercial or industrial use.

ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within the District shall be classified as Developed Property, or Undeveloped Property. Developed Property shall be further classified as Developed Single-Family Residence, Developed Multi-Family Residence, Developed Accessory Residential Dwelling, Developed Infill Single-Family Residence, Developed Infill Multi-Family Residence, and Developed Infill Accessory Residential Dwelling.

Commencing with the Base Year and for each subsequent Fiscal Year, all Taxable Property shall be subject to Special Taxes pursuant to Sections C and D below.

MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 2005-01
(Police Services)

Land Use Class	Description	Police Services Special Tax Per Unit¹
1	Developed Single-Family Residential	\$300 per Unit
2	Developed Multi-Family Residential	\$220 per Unit
3	Developed Accessory Residential Dwelling	\$220 per Unit
4	Developed Infill Single-Family Residential	75% Class 1 Rate
5	Developed Infill Multi-Family Residential	75% Class 2 Rate
6	Developed Infill Accessory Residential Dwelling	75% Class 3 Rate
¹ Base Year tax rate, annual increase based on "Annual Escalation Factor."		

On each July 1 following the base year, the Maximum Special Tax Rates in Table 1 shall be increased in accordance with the Annual Escalation Factor.

2. Undeveloped Property

No Special Tax shall be levied on Undeveloped Property until it becomes Developed Property.

3. Tax-Exempt Property

No Special Tax shall be levied on Tax-Exempt Property.

4. Multiple Units and Land Use Classes

In some instances an Assessor's Parcel may contain more than one Land Use Class. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Residential Units that can be imposed on all Land Use Classes located on that Assessor's Parcel.

METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Administrator shall calculate the Special Tax Requirement based on the definitions in Section A and the rates in Table 1 and levy the Special Tax as follows until the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year on each Assessor's Parcel of Developed Property Proportionately between Developed Single-Family Residence, Developed Multi-Family Residence, Developed Accessory Residential Dwelling, Developed Infill Single-Family Residence, Developed Infill Multi-Family Residence, and Developed Infill Accessory Residential Dwelling up to 100% of the applicable Maximum Special Tax.

E. APPEALS

Any taxpayer that believes that the amount of the Special Tax assigned to a Parcel is in error may file a written notice with the Administrator appealing the levy of the Special Tax. This notice is required to be filed with the Administrator during the Fiscal Year the error is believed to have occurred. The Administrator or designee will then promptly review the appeal and, if necessary, meet with the taxpayer. If the Administrator verifies that the tax should be changed the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

F. MANNER OF COLLECTION

Special Tax as levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the District or as otherwise determined appropriate by the Administrator.

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. The County may make interpretations by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

TERM OF SPECIAL TAX

The Special Taxes shall be levied in perpetuity.