



Folsom City Council Staff Report



MEETING DATE:	4/14/2020
AGENDA SECTION:	New Business
SUBJECT:	<p>City of Folsom Community Facilities District No. 23 (Folsom Ranch)</p> <p>a. Resolution No. 10414 - A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 23 (Folsom Ranch)” and to Levy Special Taxes therein</p> <p>b. Resolution No. 10415 - A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and in and for each Improvement Area Designated therein and Calling for a Public Hearing thereon.</p>
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council adopt the following resolutions:

Resolution No. 10414 - A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 23 (Folsom Ranch)” and to Levy Special Taxes therein

Resolution No. 10415 - A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community

Facilities District No. 23 (Folsom Ranch) and in and for each Improvement Area Designated therein and Calling for a Public Hearing thereon.

BACKGROUND / ISSUE

The Folsom Plan Area Specific Plan Public Facilities Financing Plan (“PFFP”), approved by the City Council on January 28, 2014 via Resolution 9298, is an \$877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area (“FPA”).

Landowners within the FPA requested to form the proposed City of Folsom Community Facilities District No. 23 (Folsom Ranch) (“CFD No. 23”), including six separate Improvement Areas (“IA”), designated as Improvement Area No. 1 through Improvement Area No. 6. Special tax revenues generated from each IA within CFD No. 23 will help fund all or a portion of the project’s share of PFFP backbone infrastructure and facilities, including related environmental mitigation obligations. A detailed list of authorized facilities can be found under Appendix A of Resolution No. 10414. A summary of the facilities authorized to be funded by CFD No. 23 include, but are not limited to:

- Transportation Improvements including all public roadway improvement designed to meet the needs of development within CFD No. 23, including internal subdivision streets and related underground utilities.
- Water System Improvements
- Recycled Water System Improvements
- Drainage System Improvements
- Wastewater System Improvements
- Park, Parkway and Open Space Improvements
- Specific Plan Infrastructure Fee Improvements
- Payment of Specific Plan Infrastructure Fee Program Obligation
- Other Incidental Expenses and Bond Issuance Costs

In addition, the following project-specific services are anticipated to be funded by CFD No. 23 special taxes:

- Enhanced open space maintenance
- Landscape corridors and paseos
- Street light maintenance
- Medians, entries and entry monumentation
- Neighborhood park maintenance
- Community amenities
- Storm water management
- Other miscellaneous costs related to any of the items described above
- Anticipated future repairs or replacements costs.

The proposed CFD No. 23 is located within the FPA and is generally bounded by U.S. Highway 50 on the north, Placerville Road on the east, and White Rock Road on the south. Each IA within CFD No. 23 includes several Assessor's Parcel Numbers, which are identified in the proposed boundary map for CFD No. 23, included as Attachment 4. The proposed development plan for each IA within CFD No. 23 includes the following:

IA	SF Units	SF High-Density Units	MF Low-Density Units	MF Medium Density Acreage	MF High Density Acreage	Non-Residential Acreage
IA1	0	441	257	0.0	9.80	0.0
IA2	0	0	340	0.0	0.0	0.0
IA3	0	1,068	157	0.0	0.0	0.0
IA4	100	266	251	0.0	0.0	0.0
IA5	84	194	401	9.7	17.8	0.0
IA6	0	0	0	9.5	9.3	11.4

The CFD No. 23 funding stream will be a combination of bonded indebtedness and pay-as-you-go ("PAYGO") funding, both secured by the levy of special taxes upon property within the boundaries of CFD No. 23.

The resolutions attached begin the proceedings to provide for the creation of CFD No. 23. Resolution No. 10414 will appoint consultants, approve the boundary map (Attachment 4), declare the intention to form CFD No. 23, and authorize the City to levy special taxes within the district. Resolution No. 10415 declares the necessity to incur bonded indebtedness within each IA of CFD No. 23.

If these resolutions are approved, a Public Hearing will be scheduled, along with an election of owners of property within CFD No. 23, for May 26, 2020.

POLICY / RULE

Chapter 5 of the Folsom Plan Area Public Facilities Financing Plan authorizes the formation of CFDs to finance the construction, acquisition, and servicing of FPA backbone infrastructure and public facilities.

Section 2.5.3 of the First Amended and Restated Tier 1 Development Agreement authorizes the formation of infrastructure CFDs.

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Mello-Roos Community Facilities Act of 1982

ANALYSIS

CFD No. 23 will be structured as an extended-term CFD and will provide the necessary funding to help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities, including related environmental mitigation obligations. The PFFP backbone infrastructure and facilities will be financed using both bond proceeds and PAYGO special tax revenues. The extended-term CFD structure is proposed to help to meet the challenge of high-cost infrastructure and facilities while also aligning the timing of future funding availability with the need for such funding.

The PFFP backbone facilities to be funded via CFD No. 23, and listed above, were originally anticipated to be funded by either Community Facilities District No. 18 (Folsom Plan Area - Area-Wide Improvements and Services) or funded as part of project specific CFDs established for each development within the FPA.

The special tax revenue generated from taxable parcels within each IA of CFD No. 23 will be comprised of a special tax to fund facilities and a special tax to fund services. The 2020/21 maximum facilities special tax rates, set forth in each IA's Rate and Method of Apportionment, for each land use category are provided in the table below:

Land Use Category	Residential Floor Area (square footage)	2020/21 Maximum Facilities Special Tax Rate (All IAs)	Per
Single-Family Detached Property - SF/SFHD Zoning	≥ 3,600	\$3,886	Unit
Single-Family Detached Property - SF/SFHD Zoning	3,200 - 3,599	3,571	Unit
Single-Family Detached Property - SF/SFHD Zoning	2,800 - 3,199	3,559	Unit
Single-Family Detached Property - SF/SFHD Zoning	2,400 - 2,799	3,293	Unit
Single-Family Detached Property - SF/SFHD Zoning	2,000 - 2,399	3,000	Unit
Single-Family Detached Property - SF/SFHD Zoning	< 2,000	2,900	Unit
Single-Family Detached Property - MLD Zoning	≥ 3,600	3,886	Unit
Single-Family Detached Property - MLD Zoning	3,200 - 3,599	3,571	Unit
Single-Family Detached Property - MLD Zoning	2,800 - 3,199	3,559	Unit
Single-Family Detached Property - MLD Zoning	2,400 - 2,799	3,293	Unit
Single-Family Detached Property - MLD Zoning	2,000 - 2,399	3,000	Unit
Single-Family Detached Property - MLD Zoning	< 2,000	2,900	Unit
MMD Multi-Family Attached Property	N/A	30,000	Acre
MHD Multi-Family Attached Property	N/A	11,700	Acre
Non-Residential Property	N/A	11,700	Acre

The CFD No. 23 facilities special tax can be levied and collected through Fiscal Year 2079/80. Each fiscal year, commencing with 2021/22, the maximum facilities special tax rate will be increased by 2% annually.

The 2020/21 maximum services special tax rates, set forth in each IA's Rate and Method of Apportionment, for each land use category are provided in the table below:

Land Use Category	IA1	IA2	IA3*	IA4	IA5	IA6	Per
Single-Family Detached Property - SF/SFHD Zoning	\$210	\$200	\$175	\$205	\$165	\$0	Unit
Single-Family Detached Property - MLD Zoning	156	103	125	140	85	0	Unit
MMD Multi-Family Attached Property	500	500	500	500	500	2,850	Acre
MHD Multi-Family Attached Property	1,000	1,000	1,000	1,000	1,000	2,790	Acre
Non-Residential Property	1,000	1,000	1,000	1,000	1,000	0	Acre

* For Active Adult Property the maximum services special tax rate for SF/SFHD Zoning property is \$100 per unit and MLD zoning property is \$40 per unit.

The CFD No. 23 services special tax can be levied and collected in perpetuity. Each fiscal year, commencing with 2021/22, the maximum services special tax rate will be increased by the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed 4%.

As described above, CFD No. 23 will include an extended-term in order to provide the financing to fund CFD No. 23 authorized facilities through multiple CFD bond issues and the generation of PAYGO special tax revenue from the levy and collection of the special tax. The primary pledge of CFD No. 23 special tax revenues will be to service outstanding CFD No. 23 debt. Special tax revenues in excess of the annual debt service and administrative expenses will be used on a PAYGO basis. 100% of the PAYGO revenue beginning with CFD No. 23 formation through the 20th fiscal year is intended to be available to the landowners to fund eligible facilities. After that, any PAYGO revenues may be used at the City's discretion to continue to fund or acquire eligible facilities, or the City may elect to reduce the special tax levy amount to eliminate PAYGO revenues.

Approving the resolutions attached also approves the boundary map for CFD No. 23, and approves the following consultants to assist in the formation of CFD No. 23:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
 Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP
 Tax Consultant: NBS
 Municipal Advisor: Fieldman, Rolapp & Associates
 Appraiser: Integra Realty Resources
 Market Economist: The Gregory Group

Upon passage of these resolutions, a Public Hearing, concerning the formation of CFD No. 23, will be scheduled, along with an election of owners of property within CFD No. 23, for May 26, 2020.

FINANCIAL IMPACT

There is no direct General Fund impact on the City of Folsom. The CFD No. 23 formation, bonded indebtedness, and expenses are solely the responsibility of CFD No. 23. The General Fund is not impacted by the CFD No. 23 Rate and Method of Apportionment.

ENVIRONMENTAL REVIEW

An Initial Study and Mitigated Negative Declaration prepared for the Folsom Plan Area Backbone Infrastructure Project were previously prepared for, and adopted by the City Council on February 24, 2015, in accordance with the requirements of the California Environmental Quality Act. Pursuant to CEQA Guidelines section 15378(c), the term “project” does not mean each separate governmental approval for an approved activity which may be subject to several discretionary approvals by governmental agencies. Additionally, the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment is not defined as a “project” under CEQA. CEQA Guidelines Section 15378(b)(4) and 15061(b)(3).

ATTACHMENTS

1. Resolution No. 10414 - A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 23 (Folsom Ranch)” and to Levy Special Taxes therein
2. Resolution No. 10415 - A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and in and for each Improvement Area Designated therein and Calling for a Public Hearing thereon
3. Landowner Petitions and Waivers
4. Boundary Map of Proposed CFD No. 23

Submitted,

Stacey Tamagni
Finance Director

ATTACHMENT 1

RESOLUTION NO. 10414

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOLSOM
APPOINTING CONSULTANTS, APPROVING A PROPOSED
BOUNDARY MAP AND DECLARING INTENTION TO FORM A
COMMUNITY FACILITIES DISTRICT TO BE NAMED "CITY OF
FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM
RANCH)" AND TO LEVY SPECIAL TAXES THEREIN**

WHEREAS, in accordance with the provisions of Section 53312.7 and 53345.8 of the California Government Code, the City Council (the "City Council") of the City of Folsom (the "City") previously adopted the Local Goals and Policies (the "City Goals and Policies") concerning the use of the Mello-Roos Community Facilities Act of 1982 (the "Act"); and

WHEREAS, it is proposed to form a community facilities district within the area of the City known as "Folsom Ranch" under the Act; and

WHEREAS, the name of the proposed community facilities district shall be "City of Folsom Community Facilities District No. 23 (Folsom Ranch)" ("CFD 23" or the "CFD"); and

WHEREAS, pursuant to Section 53350 of the Act, it is proposed to designate six improvement areas within CFD 23 (each, an "Improvement Area"); and

WHEREAS, the names of the Improvement Areas shall be "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 1" ("Improvement Area No. 1"), "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 2" ("Improvement Area No. 2"), "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 3" ("Improvement Area No. 3"), "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 4" ("Improvement Area No. 4"), "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 5" ("Improvement Area No. 5"), and "City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 6" ("Improvement Area No. 6"); and

WHEREAS, the proposed boundaries of CFD 23, and each portion of CFD 23 designated as an Improvement Area, are shown on the boundary map entitled "Map of Boundaries City of Folsom Community Facilities District No. 23 (Folsom Ranch)," on file with the City Clerk (the "Boundary Map"); and

WHEREAS, the types of public facilities (the "Facilities") and services (the "Services") proposed to be financed by CFD 23 are set forth in Exhibits A and B, respectively, attached hereto, and the City finds that the Facilities and Services are necessary to meet increased demands placed upon the City as the result of new development occurring and anticipated within CFD 23; and

WHEREAS, the types of incidental expenses proposed to be incurred are set forth in Exhibit C attached to this resolution;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom, as follows:

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby finds and determines that CFD 23, and each Improvement Area, is in compliance with the City Goals and Policies, and to the extent of any non-compliance with the City Goals and Policies, such compliance is hereby waived by the City.

Section 3. It is the intention of the City Council to establish and the City Council hereby proposes to establish a community facilities district under and pursuant to the terms and provisions of the Act to be known and designated as the “City of Folsom Community Facilities District No. 23 (Folsom Ranch).” The boundaries of the territory proposed for inclusion in CFD 23 are more particularly described and shown on the Boundary Map now on file in the office of the City Clerk. The City Council hereby approves the Boundary Map and adopts the boundaries shown on the Boundary Map as describing the extent of the territory included in CFD 23 and each Improvement Area therein. The City finds that the Boundary Map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code and directs the City Clerk to certify the adoption of this resolution on the face of the Boundary Map, and to file a copy of the Boundary Map with the County Recorder for placement in the Book of Maps of Assessment and Community Facilities Districts no later than fifteen (15) days after the adoption of this resolution.

Section 4. It is the intention of the City Council to finance the Facilities and fund the Services described in Exhibits A and B, respectively, attached hereto and made a part hereof. All of the Facilities to be financed will have an estimated useful life of at least five (5) years. They are public facilities that the City or another governmental entity is authorized by law to construct, own or operate or to which they may contribute revenue. The Facilities to be financed need not be physically located within CFD 23.

Section 5. Except where funds are otherwise available, special taxes sufficient to pay for all Facilities and Services will be annually levied within each Improvement Area. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure the related levy of the special tax shall attach to all nonexempt real property within CFD 23, and the lien shall continue in force and effect until the special tax obligation (or any portion thereof) is paid or prepaid and permanently satisfied and the related special tax lien is cancelled in accordance with law or until collection of the related special tax by the City ceases. The rate and method of apportionment of the special tax to be levied in each Improvement Area are set forth in Exhibit D-1 through D-6, respectively, attached to this resolution. The special tax with respect to the Facilities on any parcel within each Improvement Area shall not be levied after the earlier of (i) Fiscal Year 2079-80 or (ii) the Fiscal Year occurring 50 years following (a) the Fiscal Year in which the first building permit was issued or (b) the first series of bonds or other debt issued for the respective Improvement Area. The special tax with respect to the Services shall be levied perpetually until the collection of the special tax by the City ceases. In the case of any special tax to pay for the Facilities and to be levied against any parcel used for private residential purposes, under no circumstances will the special tax levied against

any parcel be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within any Improvement Area by more than 10 percent of the special tax for Facilities that would be levied in that Fiscal Year but for such delinquencies or defaults.

Section 6. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within each Improvement Area, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

To the extent the Facilities will not be constructed by the City, in the opinion of the City Council, the public interest will not be served by allowing the property owners in CFD 23 to intervene in a public bidding process pursuant to Section 53329.5(a) of the Act.

Section 7. The City intends to reserve to itself the right and authority to allow bond tenders from any interested landowner within CFD 23 to be accepted under Government Code sections 53344.1 and 53356.8 in full or partial payment of any installment of the special taxes or the interest or penalties thereon.

Section 8. The City Council hereby sets Tuesday, May 26, 2020, 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at the City Hall, 50 Natoma Street, Folsom, CA, 95630, as the time and place for the public hearing on the formation of CFD 23. At the hearing, oral and written testimony concerning the formation of CFD 23, the extent of CFD 23, the designation of the Improvement Areas and the furnishing of the Facilities and Services will be heard and protests will be considered from registered voters residing within CFD 23 and persons owning real property within CFD 23. Written protests against the formation of CFD 23 or designation of an Improvement Area by a majority of the registered voters (if at least six such voters protest) or by the owners of a majority of the land which would be subject to special taxation within the related Improvement Area will require the suspension of proceedings to form CFD 23, to designate the related Improvement Area and to levy the specified special tax for at least one year. If such protests constitute a majority protest and are directed only against a specified type or types of the Facilities and Services or against levying a specified special tax, only those types of Facilities, Services or the specified special tax will be eliminated from the proceedings. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. Written protests must be filed with the City Clerk at or before the time fixed for the hearing.

Section 9. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution authorizing the issuance of bonds or indenture authorized thereby.

Section 10. It is anticipated that the special tax will be billed as a separate line item on the regular secured property tax bills, and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular ad valorem property taxes. However, the City reserves the right, under Section 53340, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing, and when lawfully available, judicial foreclosure of the special tax lien.

Section 11. The City Manager or his/her designee is directed to study CFD 23 and prepare for filing at the public hearing the report required by Section 53321.5 of the Act (the “CFD Hearing Report”). The City Manager may delegate to consultants the duty to perform the study and prepare the CFD Hearing Report.

Section 12. If elections are held in these proceedings, it is the intention of the City Council that the electors will be the owners of property within CFD 23 pursuant to Sections 53326 and 53350 of the Act.

Section 13. The City Council also intends to establish the annual appropriations limit of Improvement Area No. 1 at \$15,900,000, for Improvement Area No. 2 at \$7,400,000, for Improvement Area No. 3 at \$25,200,000, for Improvement Area No. 4 at \$13,300,000, for Improvement Area No. 5 at \$21,600,000, and for Improvement Area No. 6 at \$3,500,000, each for the 2020-21 fiscal year.

Section 14. The City Clerk is hereby directed to have the Notice of Public Hearing in the form attached to this resolution as Exhibit E published once in a newspaper of general circulation in the vicinity of CFD 23, no later than ten (10) days prior to the public hearing.

Section 15. The City hereby appoints the following consultants in connection with CFD 23 and hereby authorizes or ratifies, as the case may be, the execution by the City Manager or the Finance Director of agreements with said firms in substantially the forms on file with the City Clerk.

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel:	Orrick, Herrington & Sutcliffe LLP
Tax Consultant:	NBS
Municipal Advisor:	Fieldman, Rolapp & Associates
Appraiser:	Integra Realty Resources
Market Economist:	The Gregory Group

Section 16. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 14th day of April, 2020, by the following roll-call vote:

AYES: Council Member(s):

NOES: Council Member(s):

ABSENT: Council Member(s):

ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

EXHIBIT A
AUTHORIZED FACILITIES
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)

The Facilities to be financed by CFD 23 include facilities designed to meet the needs of development within CFD 23, whether such facilities are located within or outside the boundaries of CFD 23, and include but are not limited to the following:

Transportation Improvements

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), 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, Bus Rapid Transit improvements including transfer stations and regional public transit improvements; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed herein also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Authorized facilities include the following transportation improvements:

- All public roadway improvements designed to meet the needs of development within CFD No. 23, including internal subdivision streets and related underground utilities.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development of property within CFD 23. These facilities include, but may not be limited to: water storage, treatment and distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto such as site clearing, grading and paving; curbs and gutters; booster pump stations and power; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Recycled Water System Improvements

Authorized facilities include any and all recycled water system facilities designed to meet the needs of development of property within CFD 23. These facilities include, but may not be

limited to: treatment and distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto - such as site clearing, grading and paving; curbs and gutters; booster pump stations; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

Drainage System Improvements

Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development of property within CFD 23. These facilities include, but may not be limited to: excavation and grading, pipelines and appurtenances, outfalls and water quality measures, detention/retention basins, drainage pretreatment facilities, drainage ways/channels, pump stations, landscaping and irrigation; access roads, gates, and fencing; and striping and signage and other improvements related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development of property within CFD 23. These facilities include, but may not be limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main lines; force mains; lift stations; upgrades to existing lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements.

Park, Parkway and Open Space Improvements

Authorized facilities include any and all improvements to parks, parkways and open space required for development of property within CFD 23. These facilities include, but may not be limited to: grading, turf, shrubs and trees, landscaping irrigation, site lighting, drainage, sanitary sewer and water service, pedestrian and bicycle trails, protective fencing (including soundwalls), pedestrian/bicycle bridges, storm drain crossings, wetland mitigation, hawk mitigation for authorized facilities herein, access gates and fencing and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements required for development of property within CFD 23.

Specific Plan Infrastructure Fee Infrastructure

Authorized facilities include any and all improvements that are included in the Specific Plan Infrastructure Fee Program adopted by the City Council on September 8, 2015, including any future amendments thereto.

Specific Plan Infrastructure Fee Obligation

Subject to the provisions of the Act, authorized facilities include payment of the following SPIF obligations for all development that would be subject to SPIF obligations within the entire CFD No. 23:

- SPIF Infrastructure Fee (including the SPIF Set-Aside component)
- SPIF Public Facilities Land Equalization Fee Component

- SPIF Parkland Equalization Fee Component
- SPIF Administrative Fee.

Other Incidental Expenses and Bond Issuance Costs

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation of the Mello-Roos CFD; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of the CFD; and any other expenses incidental to the formation and implementation of the CFD and to the construction, completion, inspection and acquisition of the authorized facilities.

EXHIBIT B
AUTHORIZED SERVICES
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annual administration of CFD No. 23. The CFD will be eligible to fund all or a portion of the costs of reconstruction and/or rehabilitation, operation, maintenance, repair and replacement, and servicing of the following items not otherwise subject to funding from the City of Folsom Community Facilities District No. 18 (Folsom Plan Area – Area-Wide Improvements and Services):

1. Open Space improvements, operations and management, monitoring, maintenance (including general maintenance, signage, City owned fence maintenance, trash and debris collection, and bike trails and their appurtenances [drainage culverts or pipes from adjacent subdivisions] within open space), creation and maintenance of fire breaks, Permits, Vandalism/Graffiti, Flood Conveyance (Vegetation/tree removals), Beaver dam removals, Outfall/drainage swale maintenance, Erosion control/bank stabilization, Native planting/replanting, Pre and post emergent, maintenance activities as required by a 404 permit and Operations and Management Plan-Conservation and Passive Recreation Open Space, dated June 9, 2017, and repair and replacement of facilities within open space areas in the Project Area.

2. The maintenance of on-site landscape corridors and paseos designed to serve land uses within the CFD, including general maintenance, masonry walls, accent lighting, water and utility costs.

3. The maintenance of streetlights, including any utility costs related thereto.

4. The maintenance of medians, entries, and entry monumentation.

5. Neighborhood park maintenance, and repair and replacement.

6. Community amenities, such as a community clubhouse.

7. Storm water management, water quality structural controls, including drainage swales constructed between storm drain facilities and receiving waters.

8. Miscellaneous costs related to any of the items described above including planning, engineering, GIS, legal, and city and county administration costs.

9. The levy of special taxes to accumulate sinking funds for anticipated future repairs or replacement costs of landscape corridors, irrigation facilities, medians, entries and entry monumentation, lighting, neighborhood parks, storm water management and other facilities maintained by the CFD as determined by the Administrator.

Annual maintenance functions and costs generally will include the installation, maintenance and servicing of ground cover, shrubs and trees, irrigation systems, street lighting, fencing, sound walls, sidewalks, monuments, enhanced open space maintenance including but not limited to maintaining the enhanced open space areas located adjacent to avoided or created habitat mitigation areas and other buffer areas between the enhanced open space and vertical development, bike trails, walkways, entry signage, street pavers, and labor, materials, supplies, utilities (including water and electricity) and equipment, as applicable, for property owned or maintained by the City. Annual maintenance costs include an allowance for long-term repair and replacement of improvements.

CFD 23 may fund any of the following related to the maintenance of the services described above: obtaining, repairing, reconstructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of the personnel necessary or convenient to provide the services, and other related expenses and the provision of reserves for repairs and replacements for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof. CFD 23 may also fund administrative fees of the City related to CFD 23.

EXHIBIT C

**INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)**

It is anticipated that the following incidental expenses may be incurred for CFD 23:

- Engineering services
- Special tax consultant services
- City review and administration
- Bond counsel services
- Bond counsel expenses
- Disclosure counsel services
- Disclosure counsel expenses
- Independent municipal advisor services and expenses
- Appraiser services
- Market absorption study and real estate economist services
- Initial bond transfer agent, fiscal agent, registrar and paying agent fees
- Rebate calculation service set up charge
- Bond printing
- Offering memorandum printing and mailing costs
- Publishing, mailing and posting of notices
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Bond syndication costs
- Governmental notification and filing costs
- Credit enhancement costs
- Real estate acquisition costs
- Rating agency fees
- Charges and fees of City other than those waived

Certain annual costs may be included in each annual special tax levy. These include:

- Annual bond transfer agent, fiscal agent, registrar and paying agent fees
- Annual rebate calculation costs
- Special tax consultant costs and administration expenses
- Other necessary consultant costs
- Costs of posting and collecting the special taxes
- Personnel and Administrative costs of the City
- Arbitrage rebate
- Continuing disclosure reporting and compliance

EXHIBIT D-1

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. I
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 1**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 1 (CFD No. 23 IA1) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA1 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

"Assessor's Parcel" or "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 County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA1.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA1 under the Act.

"CFD No. 23 IA1 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 23 IA1” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 1.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA1.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA1 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA1, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No.

23 IA1, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA1, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA1 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA1 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA1 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA1.

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

"Indenture" means the 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.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA1 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA1 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA1.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA1, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA1.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA1, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA1.

“Public Property” means any property within the boundaries of CFD No. 23 IA1, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is

designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA1 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA1, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA1 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA1 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the

Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA1 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA1 that are not exempt from the CFD No. 23 IA1 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA1 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA1 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor’s Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor’s Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor’s Parcels so that the

revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA1, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA1.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property

subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA1 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA1 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA1 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA1.

Using the definitions and procedures described herein, the CFD No. 23 IA1 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA1 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA1 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

F.1. The CFD No. 23 IA1 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

F.2. The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until

the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA1, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA1 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA1 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA1 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA1 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA1 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA1 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA1 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA1 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA1, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA1 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA1 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of

redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA1 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA1, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities

Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA1 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA1 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA1 Administrator shall indicate in the records of CFD No. 23 IA1 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$210	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	210	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	210	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	210	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	210	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	210	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	156	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	156	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	156	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	156	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	156	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	156	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	500	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700	1,000	Acre
Non-Residential Property	Not Applicable	11,700	1,000	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$210	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	156	Residential Lot
Permit Ready Multi-Family/Non-Residential Property				
	Not Applicable	\$11,700	\$1,000	Acre
Large Lot Property				
	Not Applicable	\$22,500	\$1,400	Acre
Undeveloped Property				
	Not Applicable	\$22,500	\$1,400	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	441	\$2,900	\$1,278,900
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	257	2,900	745,300
MMD Multi-Family Attached Property	0.0	30,000	0
MHD Multi-Family Attached Property	9.8	11,700	114,660
Non-Residential Property	0.0	11,700	0
Total Minimum Facilities Revenue			\$2,138,860

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ^{(1),(2)}	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 1
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT D-2

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. 2
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 2**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 2 (CFD No. 23 IA2) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA2 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

"Assessor's Parcel" or "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 County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA2.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA2 under the Act.

"CFD No. 23 IA2 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 23 IA2” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 2.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA2.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA2 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No.

23 IA2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA2 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA2.

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

"Indenture" means the 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.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA2 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA2 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA2.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA2, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA2.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA2, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA2.

“Public Property” means any property within the boundaries of CFD No. 23 IA2, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is

designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA2 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA2, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA2 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA2 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the

Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA2 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA2 that are not exempt from the CFD No. 23 IA2 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA2 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor’s Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor’s Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor’s Parcels so that the

revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA2, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA2.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property

subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA2 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA2 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA2.

Using the definitions and procedures described herein, the CFD No. 23 IA2 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA2 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA2 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

- F.1.** The CFD No. 23 IA2 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.
- F.2.** The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until

the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA2, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA2 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA2 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA2 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA2 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA2 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA2 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA2 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA2 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA2, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA2 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA2 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of

redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA2, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities

Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA2 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA2 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA2 Administrator shall indicate in the records of CFD No. 23 IA2 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$200	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	200	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	200	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	200	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	200	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	200	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	103	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	103	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	103	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	103	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	103	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	103	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	500	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700	1,000	Acre
Non-Residential Property	Not Applicable	11,700	1,000	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$200	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	103	Residential Lot
Permit Ready Multi-Family/Non-Residential Property				
	Not Applicable	\$11,700	\$1,000	Acre
Large Lot Property				
	Not Applicable	\$29,000	\$1,000	Acre
Undeveloped Property				
	Not Applicable	\$29,000	\$1,000	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	0	\$2,900	\$0
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	340	2,900	986,000
MMD Multi-Family Attached Property	0.0	30,000	0
MHD Multi-Family Attached Property	0.0	11,700	0
Non-Residential Property	5.1	11,700	59,670
Total Minimum Facilities Revenue			\$1,045,670

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 2
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT D-3

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. 3
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 3**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 3 (CFD No. 23 IA3) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA3 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

“Acre or Acreage” means the land area of an Assessor’s Parcel as shown on County records, such as an Assessor’s Parcel Map and secured roll data, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

“Active-Adult Property” means an Assessor’s Parcel of Residential Property which has a restriction recorded against title of the Assessor’s Parcel that limits occupancy of the Residential Unit on the Assessor’s Parcel to residents above a certain age. The Maximum Services Special Tax Rate for Active-Adult Property shall be assigned in accordance with Attachment A of this Rate and Method of Apportionment. There are no Maximum Facilities Special Tax Rate or Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate adjustments for Assessor’s Parcels classified as Active-Adult Property.

“Assessor’s Parcel” or “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 County Assessor of the County designating lots or parcels by an Assessor’s Parcel number.

“Authorized Services” means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA3.

“Bond Year” means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA3 under the Act.

"CFD No. 23 IA3 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 23 IA3" means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 3.

"City" means the City of Folsom.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 23 IA3.

"County" means the County of Sacramento.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

"Effective Tax Rate Evaluation" means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

"Effective Tax Rate Evaluation Maximum Facilities Special Tax" means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate" means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Effective Tax Rate Evaluation Minimum Facilities Revenue" means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA3 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

"Exempt Property" means all Assessors' Parcels that are exempt from the Special Tax pursuant to Section F. Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA3, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No. 23 IA3, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA3, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA3 for any other administrative purposes, including, but not limited to, attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

“Facilities Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

“Facilities Special Tax Escalation Factor” means two percent (2%) annually.

“Facilities Special Tax Requirement” means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA3 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA3 Administrator pursuant to the Indenture.

“Facilities Special Tax Term” means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA3.

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

“Indenture” means the 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.

“Large Lot Property” means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as

Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

“Large Lot Map” means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA3 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall

be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor's Parcel shall be classified as Non-Residential Property.

"MMD Multi-Family Attached Property" means all Assessor's Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor's Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

"Non-Residential Property" means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

"Open Space Property" means property within the boundaries of CFD No. 23 IA3 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

"Outstanding Bonds" means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

"Pay as You Go Costs" means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA3.

"Permit Ready Multi-Family/Non-Residential Property" means an Assessor's Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor's Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor's Parcel as Permit Ready Multi-Family/Non-Residential Property.

"Planned Development" means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA3, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA3.

"Price Point Study" means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

"Property Owner Association Property" means any property within the boundaries of CFD No. 23 IA3, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA3.

“Public Property” means any property within the boundaries of CFD No. 23 IA3, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA3 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA3, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA3 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to

exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA3 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA3 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan

pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA3 that are not exempt from the CFD No. 23 IA3 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA3 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA3 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor's Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map

Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA3, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA3.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate

Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA3 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The

Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA3 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA3 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA3.

Using the definitions and procedures described herein, the CFD No. 23 IA3 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA3 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA3 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

- F.1.** The CFD No. 23 IA3 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.
- F.2.** The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.
- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA3, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD

No. 23 IA3 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA3 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA3 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA3 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA3 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA3 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA3 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA3 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA3, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually

foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA3 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA3 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA3 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA3, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA3 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA3 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA3 Administrator shall indicate in the records of CFD No. 23 IA3 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	2020-2021 Maximum Services Special Tax Rate: Active-Adult Property ⁽²⁾⁽³⁾	Taxed Per
Developed Property:					
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$175	\$100	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	175	100	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	175	100	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	175	100	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	175	100	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	175	100	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	125	40	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	125	40	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	125	40	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	125	40	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	125	40	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	125	40	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	500	500	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700	1,000	1,000	Acre
Non-Residential Property	Not Applicable	11,700	1,000	1,000	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate⁽¹⁾	2020-2021 Maximum Services Special Tax Rate⁽²⁾	2020-2021 Maximum Services Special Tax Rate: Active-Adult Property⁽²⁾⁽³⁾	Taxed Per
Small Lot Final Map Property:					
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$175	\$100	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	125	40	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$11,700	\$1,000	\$1,000	Acre
Large Lot Property	Not Applicable	\$18,000	\$1,000	\$1,000	Acre
Undeveloped Property	Not Applicable	\$18,000	\$1,000	\$1,000	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.
- (3) Taxable Property designated as Active-Adult Property shall be assigned a separate Maximum Services Special Tax Rate.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	1,068	\$2,900	\$3,097,200
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	157	2,900	455,300
MMD Multi-Family Attached Property	0.0	30,000	0
MHD Multi-Family Attached Property	0.0	11,700	0
Non-Residential Property	0.0	11,700	0
Total Minimum Facilities Revenue			\$3,552,500

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 3
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor’s Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT D-4

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. 4
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 4**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 4 (CFD No. 23 IA4) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA4 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

"Assessor's Parcel" or "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 County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA4.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA4 under the Act.

"CFD No. 23 IA4 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 23 IA4” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 4.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA4.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA4 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA4, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No.

23 IA4, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA4, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA4 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA4 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA4 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA4.

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

"Indenture" means the 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.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA4 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA4 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA4.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA4, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA4.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA4, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA4.

“Public Property” means any property within the boundaries of CFD No. 23 IA4, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is

designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA4 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA4, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA4 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA4 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the

Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA4 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA4 that are not exempt from the CFD No. 23 IA4 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA4 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA4 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor’s Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor’s Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor’s Parcels so that the

revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA4, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA4.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property

subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA4 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA4 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA4 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA4.

Using the definitions and procedures described herein, the CFD No. 23 IA4 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA4 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA4 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

F.1. The CFD No. 23 IA4 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

F.2. The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until

the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

- F.3. If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA4, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA4 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APEALS

The CFD No. 23 IA4 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA4 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA4 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA4 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA4 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA4 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA4 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA4, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA4 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA4 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of

redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA4 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA4, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the “Bond Redemption Amount”).

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the “Redemption Amount”).

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Administrative Fees and Expenses”).

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities

Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA4 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA4 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA4 Administrator shall indicate in the records of CFD No. 23 IA4 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage (1.00 – F) of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$205	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	205	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	205	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	205	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	205	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	205	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	140	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	140	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	140	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	140	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	140	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	140	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	500	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700	1,000	Acre
Non-Residential Property	Not Applicable	11,700	1,000	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$205	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	140	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$11,700	\$1,000	Acre
Large Lot Property	Not Applicable	\$20,000	\$1,100	Acre
Undeveloped Property	Not Applicable	\$20,000	\$1,100	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	366	\$2,900	\$1,061,400
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	251	2,900	727,900
MMD Multi-Family Attached Property	0.0	30,000	0
MHD Multi-Family Attached Property	0.0	11,700	0
Non-Residential Property	0.0	11,700	0
Total Minimum Facilities Revenue			\$1,789,300

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 4
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT D-5

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. 5
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 5**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 5 (CFD No. 23 IA5) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA5 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA5, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

“Acre or Acreage” means the land area of an Assessor’s Parcel as shown on County records, such as an Assessor’s Parcel Map and secured roll data, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor’s Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

“Assessor’s Parcel” or “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 County Assessor of the County designating lots or parcels by an Assessor’s Parcel number.

“Authorized Services” means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA5.

“Bond Year” means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

“Bonds” means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA5 under the Act.

“CFD No. 23 IA5 Administrator” means the City’s Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 23 IA5” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 5.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA5.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA5 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA5, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No.

23 IA5, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA5, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA5 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA5 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA5 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA5.

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

"Indenture" means the 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.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA5 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA5 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA5.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA5, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA5.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA5, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA5.

“Public Property” means any property within the boundaries of CFD No. 23 IA5, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is

designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA5 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA5, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA5 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA5 to: (i) pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the

Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA5 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA5 that are not exempt from the CFD No. 23 IA5 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA5 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA5 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor’s Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor’s Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor’s Parcels so that the

revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA5, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA5.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property

subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA5 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA5 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA5 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA5.

Using the definitions and procedures described herein, the CFD No. 23 IAS Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IAS Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IAS Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

F.1. The CFD No. 23 IAS Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.

F.2. The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until

the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

- F.3.** If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA5, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA5 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APEALS

The CFD No. 23 IA5 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA5 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA5 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA5 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA5 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA5 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA5 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA5, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA5 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA5 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of

redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA5 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA5, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the “Bond Redemption Amount”).

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the “Redemption Amount”).

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Administrative Fees and Expenses”).

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities

Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA5 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA5 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA5 Administrator shall indicate in the records of CFD No. 23 IA5 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage (1.00 – F) of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$165	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	165	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	165	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	165	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	165	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	165	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	85	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	85	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	85	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	500	Acre
MHD Multi-Family Attached Property	Not Applicable	11,700	1,000	Acre
Non-Residential Property	Not Applicable	11,700	1,000	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$165	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	85	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$11,700	\$1,000	Acre
Large Lot Property	Not Applicable	\$20,000	\$1,000	Acre
Undeveloped Property	Not Applicable	\$20,000	\$1,000	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	278	\$2,900	\$806,200
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	401	2,900	1,162,900
MMD Multi-Family Attached Property	9.7	30,000	291,000
MHD Multi-Family Attached Property	17.8	11,700	208,260
Non-Residential Property	23.5	11,700	274,950
Total Minimum Facilities Revenue			\$2,743,310

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
(2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 5
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor's Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT D-6

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23, IMPROVEMENT AREA NO. 6
(FOLSOM RANCH)**

[ATTACH]

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)
Improvement Area 6**

A Special Tax, as hereinafter defined, shall be levied on each Assessor's Parcel of Taxable Property within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 6 (CFD No. 23 IA6) and collected each Fiscal Year in an amount determined by the CFD No. 23 IA6 Administrator through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 23 IA6, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. GENERAL DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on County records, such as an Assessor's Parcel Map and secured roll data, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Large Lot Map, Small Lot Final Subdivision Map, condominium plan, record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

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

"Assessor's Parcel" or "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 County Assessor of the County designating lots or parcels by an Assessor's Parcel number.

"Authorized Services" means the landscape corridor, enhanced open space and street light maintenance, services, and expenses authorized to be financed by CFD No. 23 IA6.

"Bond Year" means a one year period beginning on September 2nd in each year and ending on September 1st in the following year, unless defined differently in the applicable Indenture.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued by CFD No. 23 IA6 under the Act.

"CFD No. 23 IA6 Administrator" means the City's Finance Director, or designee thereof, responsible for determining the Facilities Special Tax Requirement, Services Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 23 IA6” means City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area 6.

“City” means the City of Folsom.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 23 IA6.

“County” means the County of Sacramento.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to June 30 of the previous Fiscal Year.

“Effective Tax Rate Evaluation” means an evaluation of the Total Effective Tax Rate of Residential Property at the time of such evaluation. The Effective Tax Rate Evaluation will be based upon a prepared Price Point Study to determine the Total Effective Tax Rate for Residential Property, based upon the calculated Total Estimated Tax Burden.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, as determined during the Effective Tax Rate Evaluation, in accordance with the provisions of Section C.2, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property that will be set forth in Attachment C, following the Effective Tax Rate Evaluation, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Effective Tax Rate Evaluation Minimum Facilities Revenue” means, following the Effective Tax Rate Evaluation, the total minimum amount of CFD No. 23 IA6 Effective Tax Rate Evaluation Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor after the Fiscal Year in which the Effective Tax Rate Evaluation occurs, less any Effective Tax Rate Evaluation Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Effective Tax Rate Evaluation Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment D of this Rate and Method of Apportionment.

“Exempt Property” means all Assessors’ Parcels that are exempt from the Special Tax pursuant to Section F. Assessor’s Parcels exempt from the Special Tax pursuant to Section 53340 of the Act shall also be designated as Exempt Property.

“Facilities Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Facilities Special Tax including, but not limited to, the following: the costs of computing the Facilities Special Tax and preparing the annual Facilities Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Facilities Special Taxes (whether by the County, the City, or otherwise); the costs of remitting the Facilities Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 23 IA6, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS or SEC pertaining to any Bonds or any audit of any Bonds by the SEC or IRS; the costs to the City, CFD No.

23 IA6, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Facilities Special Tax disclosure statements and responding to public inquiries regarding the Facilities Special Taxes; the costs of the City, CFD No. 23 IA6, or any designee thereof related to any appeal of the levy or application of the Facilities Special Tax; the costs associated with the release of funds from an escrow account, if any; and the costs associated with computing and preparing the Effective Tax Rate Evaluation, including the Price Point Study. Facilities Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA6 for any other administrative purposes, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Facilities Special Taxes.

"Facilities Special Tax" means the annual Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Facilities Special Tax Requirement.

"Facilities Special Tax Escalation Factor" means two percent (2%) annually.

"Facilities Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for CFD No. 23 IA6 to: (i) Pay Facilities Administrative Expenses in an amount designated by the City; (ii) pay annual debt service on all Outstanding Bonds due in the Bond Year beginning in such Fiscal Year; (iii) pay other periodic costs on Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on Outstanding Bonds; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds in accordance with the Indenture; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and known upcoming delinquencies; and (vi) pay for Pay As You Go Costs; less (vii) a credit for funds available to reduce the annual Facilities Special Tax levy as determined by the CFD No. 23 IA6 Administrator pursuant to the Indenture.

"Facilities Special Tax Term" means the earlier of Fiscal Year 2079-2080 or the Fiscal Year occurring 50 years following the Fiscal Year in which the first building permit was issued or the first series of Bonds was issued within CFD No. 23 IA6.

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

"Indenture" means the 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.

"Large Lot Property" means, for each Fiscal Year, all Taxable Property for which a Large Lot Map was recorded prior to June 30 of the previous Fiscal Year, excluding any portion(s) thereof classified as Developed Property, Small Lot Final Map Property, or Permit Ready Multi-Family/Non-Residential Property. Large Lot Property also means, for each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property as of June 30 of the previous Fiscal Year.

"Large Lot Map" means a recorded subdivision map creating larger parcels by land use. The Large Lot Map does not create individual lots for which building permits may be issued for single-family Residential Units.

“Maximum Facilities Special Tax” means the total maximum annual Facilities Special Tax, determined in accordance with the provisions of Section C, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Facilities Special Tax Rate” means the maximum annual Facilities Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the total maximum annual Services Special Tax, determined in accordance with the provisions of Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax Rate” means the maximum annual Services Special Tax rate for each land use category of Taxable Property, as shown in Attachment A, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Special Tax” means the total annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and Maximum Services Special Tax, determined in accordance with the provisions of Section C and Section D, which may be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Total Effective Tax Rate” means 1.80%, unless the City determines, in its sole discretion, that a higher Maximum Total Effective Tax Rate is appropriate.

“Minimum Facilities Revenue” means the minimum amount of total CFD No. 23 IA6 Maximum Facilities Special Tax, as adjusted annually by the Facilities Special Tax Escalation Factor, less any Maximum Facilities Special Tax amounts prepaid and permanently satisfied pursuant to Section K. The Minimum Facilities Revenue, based on Planned Development, is set forth in Attachment B of this Rate and Method of Apportionment.

“MHD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of greater than 20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council. MHD Multi-Family Attached Property shall also include an Assessor’s Parcel or that portion of an Assessor’s Parcel designated as a Mixed Use Residential Parcel.

“Mixed Use Residential Parcel” means a mixed use Assessor’s Parcel that is designated for residential land use. If the mixed use Assessor’s Parcel contains a combination of residential land use and non-residential land use, only that portion of an Assessor’s Parcel designated for residential land use shall be classified as a Mixed Use Residential Parcel and the remaining non-residential land use of the Assessor’s Parcel shall be classified as Non-Residential Property.

“MMD Multi-Family Attached Property” means all Assessor’s Parcels for which a building permit could be issued for purposes of constructing one or more attached Residential Units per Assessor’s Parcel with a permitted density range of 12-20 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Non-Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing non-residential buildings.

“Open Space Property” means property within the boundaries of CFD No. 23 IA6 which (a) has been designated with specific boundaries and acreage on a Small Lot Final Subdivision Map as open space, or (b) is classified by the City zoning code or County Assessor as open space, or (c) has been irrevocably offered for dedication as open space to the federal government, the State of California, the County, the City, any other public agency, a private, non-profit organization, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding Bonds” means all Bonds, which remain outstanding as defined in the Indenture pursuant to which such Bonds were issued.

“Pay as You Go Costs” means that portion of the Facilities Special Tax Requirement attributable to the direct payment for the acquisition and/or construction of public improvements, which are authorized to be financed by CFD No. 23 IA6.

“Permit Ready Multi-Family/Non-Residential Property” means an Assessor’s Parcel of Taxable Property zoned for multi-family or non-residential land use for which all discretionary entitlements have been obtained, including without limitation, development plan review and improvement plan approval, such that building permits may be issued without further approvals for the construction of multi-family Residential Units or non-residential buildings within such Assessor’s Parcel. The City shall have sole discretion, based upon available development information, in classifying an Assessor’s Parcel as Permit Ready Multi-Family/Non-Residential Property.

“Planned Development” means the planned number of Residential Units, MHD Multi-Family Attached Property Acreage, MMD Multi-Family Attached Property Acreage, and Non-Residential Property Acreage planned within CFD No. 23 IA6, set forth in Attachment B or, following the Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, as amended by the future recordation of all Large Lot Maps and Small Lot Final Subdivision Maps within CFD No. 23 IA6.

“Price Point Study” means an analysis, prepared by an independent firm, to verify the estimated average sales price within each land use category of Residential Property given the project location and current market conditions.

“Property Owner Association Property” means any property within the boundaries of CFD No. 23 IA6, which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property owner association property. As used in this definition, a property owner association includes any master or sub-association.

“Proportionately” means for Taxable Property that the ratio of the Facilities Special Tax levy to the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) and the Services Special Tax levy to the Maximum Services Special Tax is equal for all Assessors’ Parcels within each classification (Developed Property, Single Family Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, etc.) within CFD No. 23 IA6.

“Public Property” means any property within the boundaries of CFD No. 23 IA6, which (a) is owned by a public agency, (b) has been irrevocably offered for dedication to a public agency, or (c) is

designated with specific boundaries and Acreage on a Small Lot Final Subdivision Map as property, which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State of California, the County, the City, or any other public agency.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by the CFD No. 23 IA6 Administrator by reference to appropriate records kept by the City’s building department. Residential Floor Area for a residential structure will be based on the building permit(s) issued for such structure prior to it being classified as Developed Property, and shall not change as a result of additions or modifications made to such structure after such classification as Developed Property.

“Residential Lot” means an individual lot of land for which a building permit could be issued to construct a Residential Unit.

“Residential Property” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing Residential Units, including Single-Family Detached Property – SF/SFHD Zoning, Single-Family Detached Property – MLD Zoning, MHD Multi-Family Attached Property, and MMD Multi-Family Attached Property.

“Residential Unit” means a residential dwelling unit, not including guest quarters or “granny flats” as allowed by the City zoning code.

“Services Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of the Services Special Tax including, but not limited to, the following: the costs of computing the Services Special Taxes and preparing the annual Services Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Services Special Taxes (whether by the County, the City, or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Services Special Tax; and the costs of the City, CFD No. 23 IA6, or any designee thereof related to any appeal of the levy or application of the Services Special Tax. Services Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 23 IA6 for any other administrative purposes related to the Services Special Tax.

“Services Special Tax” means the annual Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Services Special Tax Requirement.

“Services Special Tax Escalation Factor” means the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed four percent (4%). In the event that the percentage change is negative, the Services Special Tax Escalation Factor shall be equal to zero.

“Services Special Tax Requirement” means the amount of Services Special Tax revenue required in any Fiscal Year for CFD No. 23 IA6 to: (i) Pay Services Administrative Expenses in an amount designated by the City; (ii) pay Authorized Services expenses; (iii) pay any amounts required to establish or replenish any repair and contingency funds, capital improvement funds, or reserve funds related to the Authorized Services expenses; (iv) cover any shortfalls that exist if, in any Fiscal Year, the levy of the Facilities Special Tax on each Assessor’s Parcel of Taxable Property is insufficient to pay the

Facilities Special Tax Requirement in that Fiscal Year. Facilities Special Tax Requirement shortfalls shall not include Pay As You Go Costs, and (v) pay for reasonably anticipated delinquent Services Special Taxes based on the delinquency rate for Services Special Taxes levied in the previous Fiscal Year; less (vi) a credit for funds available to reduce the annual Services Special Tax levy as determined by the CFD No. 23 IA6 Administrator.

“Single-Family Detached Property – MLD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more detached or attached Residential Units with a permitted density range of 7-12 Residential Units per Acre and more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Single-Family Detached Property – SF/SFHD Zoning” means, for each Fiscal Year, all Taxable Property for which a building permit could be issued for purposes of constructing one or more Residential Units. Single-Family Detached Property – SF/SFHD Zoning shall consist of either single-family property with a permitted density range of 1-4 Residential Units per Acre or single-family high density property with a permitted density range of 4-7 Residential Units per Acre, which is more fully described in the Folsom Plan Area Specific Plan adopted on June 28, 2011 and as amended by the City Council.

“Special Tax” means the annual Facilities Special Tax and Services Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Facilities Special Tax Requirement and the Services Special Tax Requirement.

“Small Lot Final Map Property” means, for each Fiscal Year, all Taxable Property for which a Small Lot Final Subdivision Map was recorded prior to June 30 of the previous Fiscal Year.

“Small Lot Final Map Remainder Property” means an Assessor’s Parcel that is created from the subdivision of Large Lot Property by the recordation of a Small Lot Final Subdivision Map that has not yet been mapped for final development approval. Small Lot Final Map Remainder Property is that portion of property for which the Small Lot Final Subdivision Map definition does not apply (i.e., does not contain individual lots for which building permits may be issued for Residential Units without further subdivision of such property). Each Fiscal Year, all Taxable Property classified as Small Lot Final Map Remainder Property, as of June 30 of the previous Fiscal Year, will be considered Large Lot Property.

“Small Lot Final Subdivision Map” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued for Residential Units without further subdivision of such property.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 23 IA6 that are not exempt from the CFD No. 23 IA6 Special Tax pursuant to law or Section F below.

“Total Effective Tax Rate” means the percentage of the Total Estimated Tax Burden as compared to the estimated average sales price identified in the Price Point Study for each land use category of Residential Property.

“Total Estimated Tax Burden” means the total amount of overlapping property taxes anticipated to be levied upon a Residential Unit, based upon the estimated average sales price identified in the Price Point Study and existing property tax rates for the current Fiscal Year. Existing property tax rates shall reflect the actual property tax rates levied upon Taxable Property in the Fiscal Year that the Effective Tax Rate Evaluation is completed.

“Trustee” means the entity appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, or Large Lot Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, using City and County records, City zoning information, and land use development plans, all Assessor’s Parcels within the boundaries of CFD No. 23 IA6 shall be designated as either Taxable Property or Tax-Exempt Property.

All Taxable Property shall be further classified as Developed Property, Small Lot Final Map Property, Permit Ready Multi-Family/Non-Residential Property, Large Lot Property, or Undeveloped Property and shall be subject to the levy of the annual Special Tax determined pursuant to Sections C and D below.

C. FACILITIES SPECIAL TAX

A Maximum Facilities Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA6 according to the Maximum Facilities Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

Once assigned, the sum of the total Maximum Facilities Special Tax shall be equal to or greater than the Minimum Facilities Revenue, unless adjusted by an Effective Tax Rate Evaluation as described below. The Minimum Facilities Revenue for Fiscal Year 2020-2021 is set forth in Attachment B of this Rate and Method of Apportionment.

On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.

C.1. Future Assessor’s Parcel Changes – Prior to an Effective Tax Rate Evaluation

The Maximum Facilities Special Tax shall be assigned to all future Assessor’s Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor’s Parcels so that the

revised sum of the total Maximum Facilities Special Tax revenue is not less than the Minimum Facilities Revenue set forth in Attachment B of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Further, if the sum of the total current Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, the Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is greater than or equal to the Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-

Residential Property Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Maximum Facilities Special Tax is less than the Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Maximum Facilities Special Tax is equal to the Minimum Facilities Revenue. Attachment B of this Rate and Method of Apportionment shall be updated to reflect any increases to the Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.2. Effective Tax Rate Evaluation

Prior to the issuance of the first building permit or the first series of Bonds within CFD No. 23 IA6, whichever comes earlier, an Effective Tax Rate Evaluation will be completed. Following the Effective Tax Rate Evaluation, Attachment C of this Rate and Method of Apportionment will be updated to reflect the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for all Taxable Property in CFD No. 23 IA6.

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates

As part of the Effective Tax Rate Evaluation, a Price Point Study will be prepared and estimated average sales prices will be established for each Residential Property land use category. Using the estimated average sales price information determined in the Price Point Study, the Total Estimated Tax Burden and Total Effective Tax Rate will be calculated, using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A, for each Residential Property land use category. If the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category, the Maximum Facilities Special Tax Rate shall not be adjusted and will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment A. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

If the Total Effective Tax Rate for any Residential Property land use category exceeds the Total Maximum Effective Tax Rate, the Developed Property Maximum Facilities Special Tax Rate set forth in Attachment A shall be reduced until the Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for that Residential Property land use category. Attachment C of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category.

Effective Tax Rate Evaluation Minimum Facilities Revenue

As a result of the Effective Tax Rate Evaluation, if the calculated Total Effective Tax Rate is less than or equal to the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Developed Property Maximum Facilities Special Tax Rate for the applicable Residential Property land use category shall not be adjusted and the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Maximum Facilities Special Tax Rates set forth in Attachment B. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

If the calculated Total Effective Tax Rate exceeds the Total Maximum Effective Tax Rate for a Residential Property land use category used in the Minimum Facilities Revenue calculation, the Effective Tax Rate Evaluation Developed Property Maximum Facilities Special Tax Rate will be assigned using the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in Attachment C. Attachment D of this Rate and Method of Apportionment will be updated to set forth the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for each Residential Property land use category and the Effective Tax Rate Evaluation Minimum Facilities Revenue.

C.3. Future Assessor's Parcel Changes – After an Effective Tax Rate Evaluation

The Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be assigned to all future Assessor's Parcel(s) created from a subdivision, lot line adjustment, or merger of one or more Assessor's Parcels so that the revised sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue is not less than the total Effective Tax Rate Evaluation Minimum Facilities Revenue set forth in Attachment D of this Rate and Method of Apportionment.

Undeveloped Property Subdividing into Large Lot Property

When Undeveloped Property subdivides into Large Lot Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any Large Lot Property and any remaining Undeveloped Property shall be based upon the Planned Development for the Large Lot Property and remaining Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax generated by all of the Taxable Property is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property created from the Undeveloped Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Large Lot Property created from the Undeveloped Property

subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Further, if the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Large Lot Property and any remaining Undeveloped Property created from the Undeveloped Property subdivision shall be Proportionately increased until the sum of the total current Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Undeveloped Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property.

Large Lot Property Subdividing into Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property

When Large Lot Property subdivides into Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property, the Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be calculated for all Taxable Property as if all of the Taxable Property was classified as Developed Property. If the Large Lot Property subdivision also creates Small Lot Final Map Remainder Property, the expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Small Lot Final Map Remainder Property shall be based upon the Planned Development for the Small Lot Final Map Remainder Property. The expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax for any remaining Large Lot Property and Undeveloped Property shall be based upon the Planned Development of the Large Lot Property and the Undeveloped Property.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is greater than or equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue, there will be no further adjustments to the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates for the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision.

If the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is less than the Effective Tax Rate Evaluation Minimum Facilities Revenue, and such difference is not eliminated by the full or partial prepayment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax pursuant to Section K, the Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be Proportionately increased, on the Small Lot Final Map Property, Small Lot Final Map Remainder Property and Permit Ready Multi-Family/Non-Residential Property created from the Large Lot Property subdivision, until the sum of the total expected Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax is equal to the Effective Tax Rate Evaluation Minimum Facilities Revenue. Attachment D of this Rate and Method of Apportionment shall be updated to reflect any increases to the

Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates from the Large Lot Property subdivision. The Developed Property, Small Lot Final Map Property and Permit Ready Multi-Family/Non-Residential Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall not be adjusted for any Taxable Property already classified as Developed Property, Small Lot Final Map Property or Permit Ready Multi-Family/Non-Residential Property created prior to the Large Lot Property subdivision.

C.4. Method of Apportionment of Facilities Special Tax

Using the definitions and procedures described herein, the CFD No. 23 IA6 Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax until the amount of Facilities Special Taxes equals the Facilities Special Tax Requirement. The Facilities Special Tax shall be levied each Fiscal Year as follows:

Prior to an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

After an Effective Tax Rate Evaluation

First: The Facilities Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax in order to satisfy the Facilities Special Tax Requirement.

Second: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first step has been completed, the Facilities Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Small Lot Final Map Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Third: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first two steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Permit Ready Multi-Family/Non-Residential Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fourth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first three steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Large Lot Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

Fifth: If additional monies are needed to satisfy the Facilities Special Tax Requirement after the first four steps have been completed, the Facilities Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Effective Tax Rate Evaluation Maximum Facilities Special Tax. The Facilities Special Tax shall be levied on Undeveloped Property for the entire portion of the Facilities Special Tax Requirement, excluding only Pay As You Go Costs.

D. SERVICES SPECIAL TAX

A Services Special Tax shall be assigned to all Taxable Property within CFD No. 23 IA6 according to the Maximum Services Special Tax Rates set forth in Attachment A of this Rate and Method of Apportionment.

D.1. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.

D.2. Method of Apportionment of Services Special Tax

If, in any Fiscal Year, the Facilities Special Tax is levied against each Assessor's Parcel of Taxable Property within CFD No. 23 IA6 and the Facilities Special Tax revenues generated are insufficient to pay the Facilities Special Tax Requirement such shortfall shall be deemed a component of the Services Special Tax Requirement in that Fiscal Year, and proceeds from the levy of the Services Special Tax shall first be applied to mitigate the shortfall in the Facilities Special Tax Requirement before being used to pay for Authorized Services. The Services Special Tax revenue shall not be applied to any Facilities Special Tax Requirement shortfalls attributable to Pay As You Go Costs authorized to be financed by CFD No. 23 IA6.

Using the definitions and procedures described herein, the CFD No. 23 IA6 Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax until the amount of Services Special Tax equals the Services Special Tax Requirement. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately on all Developed Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Second: If additional monies are needed to satisfy the Services Special Tax Requirement after the first step has been completed, the Services Special Tax shall be levied Proportionately on all Small Lot Final Map Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Third: If additional monies are needed to satisfy the Services Special Tax Requirement after the first two steps have been completed, the Services Special Tax shall be levied Proportionately on all Permit Ready Multi-Family/Non-Residential Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Services Special Tax Requirement after the three steps have been completed, the Services Special Tax shall be levied Proportionately on all Large Lot Property at a rate up to 100% of the Maximum Services Special Tax in order to satisfy the Services Special Tax Requirement.

E. DELINQUENCIES

Notwithstanding the above, under no circumstances will the CFD No. 23 IA6 Facilities Special Tax levied against any Assessor's Parcel of Developed Property classified as Residential Property, in any Fiscal Year, be increased as a consequence of the delinquency or default in the payment of the CFD No. 23 IA6 Facilities Special Taxes by the owner or owners of any other Taxable Property by more than ten percent (10%) above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

F. EXEMPTIONS

- F.1.** The CFD No. 23 IA6 Administrator shall classify the following as Exempt Property: Public Property, Property Owner Association Property, Open Space Property, Assessor's Parcels exempt from the Special Tax pursuant to Section 53340 of the Act, and Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement.
- F.2.** The Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for Taxable Property which will be transferred or dedicated to a public agency and will be classified as Public Property shall be prepaid in full by the seller, pursuant to Section K, prior to the transfer/dedication of such Taxable Property. Until

the Maximum Facilities Special Tax obligation or, if applicable, the Effective Tax Rate Evaluation Maximum Facilities Special Tax obligation for any such Taxable Property is prepaid, the Taxable Property shall continue to be subject to the levy of the Facilities Special Tax. An exception to this may be made if an Assessor's Parcel of Public Property, such as a school site, is relocated to an Assessor's Parcel of Taxable Property, in which case the Assessor's Parcel of previously Public Property becomes Taxable Property and the Assessor's Parcel of previously Taxable Property becomes Public Property. This trading of an Assessor's Parcel from Taxable Property to Public Property will be permitted to the extent there is no loss in Maximum Facilities Special Tax revenue or, if applicable, Effective Tax Rate Evaluation Maximum Facilities Special Tax revenue, and the transfer is agreed to by the owners of all Assessor's Parcels involved in the transfer and the City Council.

F.3. If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section F.1 above that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property and subject to the Special Tax.

G. TRANSFERS

Prior to the issuance of the first series of Bonds within CFD No. 23 IA6, the City may permit the transfer of Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel. Before recordation of a Small Lot Final Subdivision Map, if a subdivision map is required, the City may permit a transfer if the number of planned Residential Units, Multi-Family Attached Property Acreage, or Non-Residential Property Acreage is transferred from one Assessor's Parcel(s) to another Assessor's Parcel(s) in any portion of Large Lot Property. The City may, in its sole discretion, allow for a transfer of the Maximum Facilities Special Tax or Effective Tax Rate Evaluation Maximum Facilities Special Tax from one Assessor's Parcel to another Assessor's Parcel provided such a transfer shall be allowed only if (1) all adjustments are agreed to in writing by the affected property owners and the City's Finance Director, and (2) there is no reduction in the sum of the total Maximum Facilities Special Tax or sum of the total Effective Tax Rate Evaluation Maximum Facilities Special Tax as a result of the transfer. Should a transfer result in an amendment to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment, the requesting property owner shall bear the costs to affect the transfer in the CFD No. 23 IA6 records and prepare the required amendments to Attachment B or, following an Effective Tax Rate Evaluation, Attachment D of this Rate and Method of Apportionment.

H. INTERPRETATIONS

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

I. REVIEW/APPEALS

The CFD No. 23 IA6 Administrator may establish such procedures, as it deems necessary to undertake the review of any such appeal. The CFD No. 23 IA6 Administrator shall interpret this Rate and Method of Apportionment of Special Tax and make determinations relative to the annual administration of the Special Tax and any property owner appeals, as herein specified.

Any property owner may file a written appeal of the Special Tax with the CFD No. 23 IA6 Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD No. 23 IA6 Administrator shall review the appeal, meet with the appellant if the CFD No. 23 IA6 Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD No. 23 IA6 Administrator's decision relative to the appeal, the owner may file a written notice with the City Manager appealing the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action (if any by the City Manager), the property owner believes such error still exists, such person may file a written notice with the City Council appealing the amount of the Special Tax levied on such Assessor's Parcel. The decision of the City shall be final and binding to all persons. If the decision of the CFD No. 23 IA6 Administrator or subsequent decision by the City Manager or City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

J. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 23 IA6, may, at the sole discretion of the City, directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of Special Taxes.

K. PREPAYMENT OF FACILITIES SPECIAL TAX

The Facilities Special Tax obligation of an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities Special Tax obligation shall provide the CFD No. 23 IA6 Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD No. 23 IA6 Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 60 days prior to the next occurring date that notice of

redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA6 Administrator may charge a fee for providing this service.

K.1. Prepayment in Full

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

Step 1: Determine the current Fiscal Year Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Maximum Facilities Special Tax described in Section C above. If an Effective Tax Rate Evaluation has occurred, determine the current Fiscal Year Effective Tax Rate Evaluation Maximum Facilities Special Tax for the Assessor's Parcel based on the assignment of the Effective Tax Rate Evaluation Maximum Facilities Special Tax described in Section C above. If the Assessor's Parcel is not already classified as Developed Property, the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) shall be assigned as though the Assessor's Parcel was already designated as Developed Property.

Step 2: Calculate the annual revenue produced, by annually applying the Facilities Special Tax Escalation Factor, from the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) from the date of prepayment through the Facilities Special Tax Term, except that this final date may be amended by the City no later than the time of the calculation of the prepayment. If the final date used in the prepayment calculation is amended by the City, this amended final date shall apply to any and all prepayment calculations from that point forward.

Step 3: Calculate the present value of the Assessor's Parcel's annual Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) revenue stream determined in Step 2. The present value shall be calculated using a discount rate that earns a rate of interest that, when the prepayment is invested in City permitted and available investments, would produce annual revenues equal to the amounts calculated in Step 2.

If there are Outstanding Bonds at the time of the Prepayment Amount calculation, the Prepayment Amount shall be first allocated to the Redemption Amount. If the Prepayment Amount is insufficient to fund the Redemption Amount, then the Prepayment Amount shall be increased to equal the Redemption Amount.

The Redemption Amount is calculated as follows:

Step 1: Divide the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) computed pursuant to Step 1 of Section K.1 by the total Maximum Facilities Special Taxes (or total Effective Tax Rate Evaluation Maximum Facilities Special Taxes) for the entire CFD No. 23 IA6, based on the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) that could be charged in the current Fiscal Year if all Taxable Property were designated as Developed Property, excluding any Assessor's Parcels which have prepaid the Maximum Facilities Special Tax (or Effective Tax Rate Evaluation Maximum Facilities Special Tax) obligation (the "Prepayment Quotient").

Step 2: Multiply the Prepayment Quotient by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").

Step 3: Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed.

Step 4: Compute the amount needed to pay interest on the Bond Redemption Amount from the first Bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

Step 5: Determine that portion of Facilities Special Taxes levied on the Assessor's Parcel in the current Fiscal Year to satisfy the Facilities Special Tax Requirement, which have not yet been paid.

Step 6: A reserve fund credit shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture for the Bonds), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture for the Bonds) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. Such reserve fund credit will not decrease the balance in the reserve fund below the new reserve requirement.

Step 7: If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to Step 1 by the expected balance in the capitalized interest fund after such first interest payment.

Step 8: The redemption amount is equal to the sum of the amounts computed pursuant to Steps 2, 3, 4, and 5, less the amount computed pursuant to Steps 6 and 7 (the "Redemption Amount").

If the Prepayment Amount exceeds the Redemption Amount, then any remaining Prepayment Amount, after allocating the Redemption Amount, shall be designated as Pay as You Go Costs.

The Prepayment Amount shall include any fees or expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the cost of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

In addition, the City has the authority to adjust the Prepayment Amount calculated above if a portion or all of the current property tax bill and the portion attributable to the payment of the Facilities Special Tax has not been used to make an interest and/or principal payment on the Bonds.

Notwithstanding the foregoing, no Facilities Special Tax prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities

Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

K.2. Prepayment in Part

The Facilities Special Tax obligation may be partially prepaid in any percentage of the full Prepayment Amount. The amount of the partial prepayment shall be calculated as in the above Section K.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment Amount

PE = the Prepayment Amount calculated according to Section K.1 above

A = the Administrative Fees and Expenses calculated according to Section K.1 above

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Facilities Special Tax obligation.

The owner of an Assessor's Parcel who desires to partially prepay the Facilities Special Tax obligation shall notify the CFD No. 23 IA6 Administrator of (i) such owner's intent to partially prepay the Facilities Special Tax obligation, (ii) the amount of partial prepayment expressed in increments equal to percentage of the full Prepayment Amount, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds, whichever date is earlier, from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD No. 23 IA6 Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD No. 23 IA6 Administrator shall indicate in the records of CFD No. 23 IA6 that there has been a partial prepayment of the Facilities Special Tax obligation and that a portion of the Facilities Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Facilities Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section C.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the amount of Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes), net of any priority administration, if any as defined in the Bond documents, that may be levied on Taxable Property, in each Fiscal Year, both prior to and after the proposed partial prepayment, is at least 1.1 times the annual debt service on all Outstanding Bonds to be paid from the Maximum Facilities Special Taxes (or Effective Tax Rate Evaluation Maximum Facilities Special Taxes) in each Fiscal Year.

L. TERM OF SPECIAL TAX

The Maximum Facilities Special Tax and Effective Tax Rate Evaluation Maximum Facilities Special Tax shall be levied commencing in Fiscal Year 2020-2021 to the extent necessary to fully satisfy the Facilities Special Tax Requirement and shall be levied for the Facilities Special Tax Term.

The Maximum Services Special Tax shall be levied commencing in Fiscal Year 2020-2021 and shall be levied in perpetuity, unless and until such time the City determines that revenues are no longer needed to pay the Services Special Tax Requirement.

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Developed Property:				
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$3,886	\$175	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	3,571	175	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	3,559	175	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	3,293	175	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	3,000	175	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	2,900	175	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	3,886	85	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	3,571	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	3,559	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	3,293	85	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	3,000	85	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	2,900	85	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	30,000	300	Acre
MHD Multi-Family Attached Property	Not Applicable	30,000	300	Acre
Non-Residential Property	Not Applicable	30,000	0	Acre

ATTACHMENT A
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Maximum Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Maximum Facilities Special Tax Rate ⁽¹⁾	2020-2021 Maximum Services Special Tax Rate ⁽²⁾	Taxed Per
Small Lot Final Map Property:				
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$2,900	\$175	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	2,900	85	Residential Lot
Permit Ready Multi-Family/Non-Residential Property				
	Not Applicable	\$11,700	\$300 ⁽³⁾	Acre
Large Lot Property				
	Not Applicable	\$30,000	\$500	Acre
Undeveloped Property				
	Not Applicable	\$30,000	\$500	Acre

- (1) On each July 1, commencing on July 1, 2021, the Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.
- (2) On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax Rates shall be increased by an amount equal to the Services Special Tax Escalation Factor of the Maximum Services Special Tax Rates in effect for the previous Fiscal Year.
- (3) Excludes Permit Ready Multi-Family/Non-Residential Property zoned for non-residential land use.

ATTACHMENT B
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres	2020-2021 Developed Property Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	2020-2021 Minimum Facilities Revenue ⁽¹⁾⁽³⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁴⁾	0	\$2,900	\$0
Single-Family Detached Property – MLD Zoning ⁽⁴⁾	0	2,900	0
MMD Multi-Family Attached Property	9.5	30,000	285,000
MHD Multi-Family Attached Property	9.3	11,700	108,810
Non-Residential Property	11.4	11,700	133,380
Total Minimum Facilities Revenue			\$527,190

- (1) On each July 1, commencing on July 1, 2021, the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Maximum Facilities Special Tax Rates and Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (2) As a result of future Assessor's Parcel changes, described in Section C.1, the assigned Maximum Facilities Special Tax Rates for Developed Property may exceed the Developed Property Maximum Facilities Special Tax Rates set forth in this table.
- (3) The total Minimum Facilities Revenue may be decreased as result of all or a portion of Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (4) Based upon the Developed Property Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning	≥ 3,600	\$ _____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – SF/SFHD Zoning	< 2,000	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	≥ 3,600	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	3,200 – 3,599	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,800 – 3,199	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,400 – 2,799	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	2,000 – 2,399	_____	Residential Unit
Single-Family Detached Property – MLD Zoning	< 2,000	_____	Residential Unit
MMD Multi-Family Attached Property	Not Applicable	_____	Acre
MHD Multi-Family Attached Property	Not Applicable	_____	Acre
Non-Residential Property	Not Applicable	_____	Acre

ATTACHMENT C
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates
(Fiscal Year 2020-2021)

Land Use Category	Residential Floor Area	2020-2021 Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾	Taxed Per
Small Lot Final Map Property:			
Single-Family Detached Property – SF/SFHD Zoning	Not Applicable	\$ _____	Residential Lot
Single-Family Detached Property – MLD Zoning	Not Applicable	_____	Residential Lot
Permit Ready Multi-Family/Non-Residential Property	Not Applicable	\$ _____	Acre
Large Lot Property	Not Applicable	\$ _____	Acre
Undeveloped Property	Not Applicable	\$ _____	Acre

- (1) Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates will be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates shall be increased by the Facilities Special Tax Escalation Factor of the Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates in effect for the previous Fiscal Year.

ATTACHMENT D
City of Folsom
Community Facilities District No. 23 (Folsom Ranch)
Improvement Area 6
Effective Tax Rate Evaluation Minimum Facilities Revenue
(Fiscal Year 2020-2021)

Land Use Category	Planned Number of Residential Units / Acres ⁽¹⁾	2020-2021 Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate ⁽¹⁾⁽²⁾⁽³⁾	2020-2021 Effective Tax Rate Evaluation Minimum Facilities Revenue ⁽¹⁾⁽²⁾⁽⁴⁾
Developed Property:			
Single-Family Detached Property – SF/SFHD Zoning ⁽⁵⁾	_____	\$ _____	\$ _____
Single-Family Detached Property – MLD Zoning ⁽⁵⁾	_____	_____	_____
MMD Multi-Family Attached Property	_____	_____	_____
MHD Multi-Family Attached Property	_____	_____	_____
Non-Residential Property	_____	_____	_____
Total Effective Tax Rate Evaluation Minimum Facilities Revenue			\$ _____

- (1) Planned Number of Residential Units/Acres, Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate and Effective Tax Rate Evaluation Minimum Facilities Revenue to be inserted following the Effective Tax Rate Evaluation.
- (2) On each July 1, commencing in the Fiscal Year after the Effective Tax Rate Evaluation occurs, the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue shall be increased by the Facilities Special Tax Escalation Factor of the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates and Effective Tax Rate Evaluation Minimum Facilities Revenue in effect for the previous Fiscal Year.
- (3) As a result of future Assessor’s Parcel changes, described in Section C.3, the assigned Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates may exceed the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rates set forth in this table.
- (4) The total Effective Tax Rate Evaluation Minimum Facilities Revenue may be decreased as result of all or a portion of Effective Tax Rate Evaluation Maximum Facilities Special Tax obligations being prepaid and permanently satisfied pursuant to Section K.
- (5) Based upon the Developed Property Effective Tax Rate Evaluation Maximum Facilities Special Tax Rate for Single-Family Detached Property – SF/SFHD Zoning and Single-Family Detached Property – MLD Zoning with Residential Floor Area of less than 2,000 square feet.

EXHIBIT E

NOTICE OF PUBLIC HEARING REGARDING THE FORMATION OF THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH), DESIGNATION OF IMPROVEMENT AREAS WITHIN THE DISTRICT AND LEVYING OF SPECIAL TAXES THEREIN

NOTICE IS HEREBY GIVEN that on Tuesday, April 14, 2020, the City of Folsom (the "City") duly adopted its Resolution No. 10414 (the "Resolution of Intention") wherein it declared its intention to form a community facilities district to be known as "City of Folsom Community Facilities District No. 23 (Folsom Ranch)" ("CFD 23" or the "CFD"), to designate six improvement areas within CFD 23 (each, an "Improvement Area") to be known as "City of Folsom Community Facilities District No. 23, Improvement Area No. 1 (Folsom Ranch)" ("Improvement Area No. 1"), "City of Folsom Community Facilities District No. 23, Improvement Area No. 2 (Folsom Ranch)" ("Improvement Area No. 2"), "City of Folsom Community Facilities District No. 23, Improvement Area No. 3 (Folsom Ranch)" ("Improvement Area No. 3"), "City of Folsom Community Facilities District No. 23, Improvement Area No. 4 (Folsom Ranch)" ("Improvement Area No. 4"), "City of Folsom Community Facilities District No. 23, Improvement Area No. 5 (Folsom Ranch)" ("Improvement Area No. 5"), and "City of Folsom Community Facilities District No. 23, Improvement Area No. 6 (Folsom Ranch)" ("Improvement Area No. 6"), and to levy a special tax within CFD 23 and to pay the costs of certain public facilities, including, transportation, water system, recycled water, drainage system, wastewater system, park, parkway and open space, and infrastructure required by the specific plan infrastructure fee; and other incidental expenses and bond issuance costs (collectively, the "Facilities") and of certain services, including reconstruction and/or rehabilitation, operation, maintenance, repair and replacement of open space improvements, landscape corridors and paseos, streetlights, medians, neighborhood parks, storm water management, and water quality controls, and certain costs related to the maintenance of the services described above (collectively, the "Services"), all as more specifically described in the Resolution of Intention, and its Resolution No. 10415 (the "Resolution Declaring the Necessity for Incurring Bonded Indebtedness") wherein it declared its intention to incur bonded indebtedness in a principal amount not to exceed \$65,000,000 in Improvement Area No. 1, \$29,000,000 in Improvement Area No. 2 \$105,000,000 in Improvement Area No. 3, \$55,000,000 in Improvement Area No. 4, \$97,000,000 in Improvement Area No. 5, and \$15,000,000 in Improvement Area No. 6 to finance the acquisition and construction of the Facilities within CFD 23 under and pursuant to the terms and provisions of the "Mello Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act").

This Notice contains a brief summary of the Proposal (as described below), but you are referred to the City's Resolution of Intention and its Resolution Declaring the Necessity for Incurring Bonded Indebtedness on file with the City Clerk for the definitive description of the Proposal, including a description of the Facilities and the Services, a list of incidental expenses and bond issuance costs and the rates and methods of apportionment of the special tax.

The Proposal consists of the authorization of (1) a special tax within CFD 23 and each Improvement Area therein, (2) the issuance of bonds for each Improvement Area to finance the

Facilities and (3) the annual appropriations limit of CFD 23 to be set at \$15,900,000 for the 2020-21 fiscal year in Improvement Area No. 1, \$7,400,000 for the 2020-21 fiscal year in Improvement Area No. 2, \$25,200,000 for the 2020-21 fiscal year in Improvement Area No. 3, \$13,300,000 for the 2020-21 fiscal year in Improvement Area No. 4, \$21,600,000 for the 2020-21 fiscal year in Improvement Area No. 5 and \$3,500,000 for the 2020-21 fiscal year in Improvement Area No. 6.

In order to confer the authority upon the City to levy the special tax and to issue the bonds, a public hearing must be held on the Proposal, the City must determine to form CFD 23, designate the Improvement Areas, and, finally, the qualified electors within each Improvement Area must approve the Proposal by a two-thirds vote. Where a proposed community facilities district is uninhabited or inhabited by fewer than 12 registered voters (there are no registered voters inhabiting CFD 23) the qualified electors are, pursuant to the Act, the owners of property within the proposed community facilities district.

THIS IS THE NOTICE OF THE PUBLIC HEARING.

The public hearing will be held during the City Council meeting on Tuesday, May 26, 2020, at 6:30 p.m., or as soon thereafter as the City Council may reach the matter, at the City Hall, 50 Natoma Street, Folsom, CA, 95630.

At the hearing, oral and written testimony of all interested persons or potential special taxpayers for or against the formation of CFD 23, the extent of CFD 23, the designation of the Improvement Areas within CFD 23, the furnishing of the Facilities, the authorization to levy a special tax within CFD 23 and the authorization to issue the bonds will be heard. Written protests against the formation of CFD 23 or the designation of the Improvement Areas delivered to the City Clerk at or before the time set for the hearing by either registered voters residing within, or the owners of property within, CFD 23 will be counted toward a possible majority protest against such formation and designation. Written protests by a majority of the registered voters residing within CFD 23 (provided they number at least 6) or by the owners of a majority of the land area within CFD 23 that is or will be subject to the related special tax, if not withdrawn prior to the close of the hearing so as to reduce the value of the protests to less than a majority, will require the formation of CFD 23 and the levy of the related specified special tax to be eliminated from immediate consideration and prevent their being included in a subsequent proceedings for at least one year. If such protests constitute a majority protest and are directed only against the furnishing of a specified type or types of the Facilities or Services or against levying a specified special tax, only those types of Facilities, Services or the specified special tax will be eliminated from the proceedings.

Questions should be directed to Stacey Tamagni, Finance Director, telephone (916) 461-6080.

Dated: _____, 2020.

City Clerk of the
CITY OF FOLSOM