

RESOLUTION NO. 2021-0362

Adopted by the Sacramento City Council

December 14, 2021

Resolution Considering Amendments to the Rates and Methods of Apportionment of Special Taxes, Changes to the Appropriations Limits and Changes to the Authorized Amounts of Bonded Indebtedness in and for the Improvement Areas Designated in the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California

BACKGROUND

- A. The City Council conducted proceedings under and pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended (being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (the “Act”), to form its Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California (the “Community Facilities District”), to designate within the Community Facilities District “Improvement Area No. 1,” “Improvement Area No. 2,” and “Improvement Area No. 3” (each an “Improvement Area” and collectively the “Improvement Areas”), to authorize the levy of special taxes therein for the purpose of financing the acquisition and construction of certain public facilities, to establish the appropriations limit for each Improvement Area and to authorize the issuance of bonded indebtedness or other debt (as defined in the Act) (“Debt”) to finance such public facilities, all as set forth in the City Council’s Resolution No. 2019-0371 (the “Resolution of Formation”), Resolution No. 2019-0372 (the “Resolution Deeming it Necessary to Incur Bonded Indebtedness for Improvement Area No. 1”), Resolution No. 2019-0373 (the “Resolution Deeming it Necessary to Incur Bonded Indebtedness for Improvement Area No. 2”) and Resolution No. 2019-0374 (the “Resolution Deeming it Necessary to Incur Bonded Indebtedness for Improvement Area No. 3”) each adopted on September 24, 2019.
- B. The authorized rate and method of apportionment and manner of collection of the special tax for Improvement Area No. 1 is set forth in Exhibit D to the Resolution of Formation (the “Original Improvement Area No. 1 Rate and Method”), the authorized rate and method of apportionment and manner of collection of the special tax for Improvement Area No. 2 is set forth in Exhibit E to the Resolution of Formation (the “Original Improvement Area No. 2 Rate and Method”) and the authorized rate and method of apportionment and manner of collection of the special tax for Improvement Area No. 3 is set forth in Exhibit F to the Resolution of Formation (the “Original Improvement Area No. 3 Rate and Method”).

- C. M & H Realty Partners VI LP, the owner of the land subject to the special tax within Improvement Area No. 1, has requested that (i) the authority to levy the special tax in Improvement Area No. 1 be amended to modify the rates and the method of apportionment of the special tax for Improvement Area No. 1 and to make certain related changes to the Original Improvement Area No. 1 Rate and Method, (ii) the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 1 be increased from \$8.0 million to \$17.0 million and (iii) the appropriations limit in and for Improvement Area No. 1 be increased from the initial amount of \$8.0 million for fiscal year 2019-20 to \$17.0 million for fiscal year 2021-22 (collectively, the “Improvement Area No. 1 Proposed Amendments”).
- D. M & H Realty Partners VI LP, the owner of the land subject to the special tax within Improvement Area No. 2, has requested that (i) the authority to levy the special tax in Improvement Area No. 2 be amended to modify the rates and the method of apportionment of the special tax for Improvement Area No. 2 and to make certain related changes to the Original Improvement Area No. 2 Rate and Method, (ii) the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 2 be decreased from \$18.8 million to \$18.0 million and (iii) the appropriations limit in and for Improvement Area No. 2 be decreased from the initial amount of \$18.8 million for fiscal year 2019-20 to \$18.0 million for fiscal year 2021-22 (collectively, the “Improvement Area No. 2 Proposed Amendments”).
- E. M & H Realty Partners VI LP, the owner of the land subject to the special tax within Improvement Area No. 3, has requested that (i) the authority to levy the special tax in Improvement Area No. 3 be amended to modify the rates and the method of apportionment of the special tax for Improvement Area No. 3 and to make certain related changes to the Original Improvement Area No. 3 Rate and Method, (ii) the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 3 be increased from \$39.6 million to \$63.0 million and (iii) the appropriations limit in and for Improvement Area No. 3 be increased from the initial amount of \$39.6 million for fiscal year 2019-20 to \$63.0 million for fiscal year 2021-22 (collectively, the “Improvement Area No. 3 Proposed Amendments” and, together with the Improvement Area No. 1 Proposed Amendments and the Improvement Area No. 2 Proposed Amendments, the “Proposed Amendments”).
- F. There has been no change in the name of the Community Facilities District since its formation.
- G. The boundaries of the Community Facilities District and each Improvement Area are shown on the map entitled “Proposed Boundaries of Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California” which map was approved by the City Council by its Resolution No. 2019-0312 adopted on August 13, 2019, and which map was recorded in the official records

of the County of Sacramento on August 23, 2019, in the Book of Maps of Assessment and Community Facilities Districts maintained by the Sacramento County Clerk/Recorder in Book 129 at Page 9.

- H. The City Council is fully advised in this matter and has determined that the public convenience and necessity require the consideration of the Proposed Amendments.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds that the statements in the Background are true.
- Section 2. The City Council proposes to replace (i) the Original Improvement Area No. 1 Rate and Method set forth in Exhibit D to the Resolution of Formation with the Amended and Restated Rate and Method of Apportionment of Special Tax for Improvement Area No. 1 set forth in Exhibit A attached to this resolution, (ii) the Original Improvement Area No. 2 Rate and Method set forth in Exhibit E to the Resolution of Formation with the Amended and Restated Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 set forth in Exhibit B attached to this resolution and (iii) the Original Improvement Area No. 3 Rate and Method set forth in Exhibit F to the Resolution of Formation with the Amended and Restated Rate and Method of Apportionment of Special Tax for Improvement Area No. 3 set forth in Exhibit C attached to this resolution.
- Section 3. The City Council further proposes to (i) increase the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 1 from \$8.0 million to \$17.0 million and increase the appropriations limit in and for Improvement Area No. 1 from the initial amount of \$8.0 million for fiscal year 2019-20 to \$17.0 million for fiscal year 2021-22, (ii) decrease the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 2 from \$18.8 million to \$18.0 million and decrease the appropriations limit in and for Improvement Area No. 2 from the initial amount of \$18.8 million for fiscal year 2019-20 to \$18.0 million for fiscal year 2021-22 and (iii) increase the aggregate principal amount of Debt that may be incurred in and for Improvement Area No. 3 from \$39.6 million to \$63.0 million and increase the appropriations limit in and for Improvement Area No. 3 from the initial amount of \$39.6 million for fiscal year 2019-20 to \$63.0 million for fiscal year 2021-22.
- Section 4. The City Council hereby fixes Tuesday, January 18, 2022, at 5:00 p.m., or as soon thereafter as the City Council may reach the matter, as the time for a public hearing to be held by the City Council to consider the Proposed Amendments and all other matters set forth in this resolution. The public hearing will be held in the City Council Chambers on the first floor of New City Hall, 915 I Street,

Sacramento, California, and with such telephonic and electronic access as noticed by the City Clerk. At the public hearing, all interested persons, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard, and the City Council will hear and consider the testimony of all interested persons, including all taxpayers, property owners and registered voters within the Community Facilities District, for or against the Proposed Amendments or any other matter set forth in this resolution.

- Section 5. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons, taxpayers, property owners or registered voters, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and clearly set forth the irregularities and defects to which the objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protestor at the public hearing must be filed with the City Clerk (the **"Clerk"**) at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
- Section 6. Written protests by fifty percent (50%) or more of the registered voters or six registered voters, whichever is more, residing within an Improvement Area, or by the owners of one-half or more of the land area within an Improvement Area not exempt from the special tax for that Improvement Area, will require suspension of these proceedings in that Improvement Area for at least one year. If such protests are directed only against certain elements of the Proposed Amendments, only those elements need be excluded from the proceedings.
- Section 7. The public hearing may be continued from time to time but shall be completed within thirty (30) days, except that if the City Council finds that the complexity of the Proposed Amendments or the need for public participation requires additional time, the public hearing may be continued from time to time for a period not to exceed six (6) months.
- Section 8. At the conclusion of the public hearing, the City Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with conducting special mailed-ballot elections on the applicable Proposed Amendments within the applicable Improvement Areas of the Community Facilities District. If the City Council determines at the conclusion of the public hearing to proceed with the elections, it expects that the proposed voting procedure will be by landowners voting separately in each of the Improvement Areas in accordance with the Act, as the City Council is informed that during the

90 days before the date set for the hearing there have been times when fewer than 12 registered voters resided within each of the Improvement Areas. The City Council will require this information to be confirmed before ordering the elections.

Section 9. Notice of the time and place of such public hearing shall be given by the Clerk in the following manner:

- (a) by publishing once in the SACRAMENTO BULLETIN, a newspaper of general circulation published in the area of the Community Facilities District, a Notice of Public Hearing in the form required by the Act (publication to be completed at least seven days before the date set for such public hearing); and
- (b) by mailing, first-class postage prepaid, to each owner of land within each of the Improvement Areas and to each registered voter residing within each of the Improvement Areas (to property owners at their addresses as shown on the last equalized assessment roll and to registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters, or in either case as otherwise known to the Clerk) a Notice of Public Hearing in the form required by the Act, the mailing to be completed at least 15 days before the date set for the public hearing.

Section 10. This resolution takes effect when adopted.

Section 11. Exhibits A, B, and C are part of this resolution.

Table of Contents:

Exhibit A – Amended and Restated Rate and Method of Apportionment for Improvement Area No. 1

Exhibit B – Amended and Restated Rate and Method of Apportionment for Improvement Area No. 2

Exhibit C – Amended and Restated Rate and Method of Apportionment for Improvement Area No. 3

Adopted by the City of Sacramento City Council on December 14, 2021, by the following vote:

Ayes: Members Ashby, Guerra, Harris, Jennings, Loloee, Schenirer, Valenzuela, Vang,
and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2021.12.21 11:24:15 -08'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

EXHIBIT A

DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01
(IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA

**AMENDED AND RESTATED
RATE, METHOD OF APPORTIONMENT,
AND MANNER OF COLLECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 1**

AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT FOR
DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01 (IMPROVEMENTS)

CITY OF SACRAMENTO
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 1

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 1 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California and collected each Fiscal Year commencing no earlier than Fiscal Year 2021-2022 in an amount determined through the application of the procedures described below. All of the real property within Improvement Area No. 1, unless exempted by law or the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. 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 on an Assessor’s Parcel Map and/or in the Assessor’s Data, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel or calculated using available spatial data and GIS, all as determined by the CFD Administrator. 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.

“Accessory Dwelling Unit” means a secondary residential unit of limited size, as defined in California Government Code Section 65852.2 and/or meeting the criteria outlined in Sacramento City Code Section 17.228.105, as may be amended from time-to-time.

“Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of Improvement Area No. 1 including, but not limited to, the following: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Tax (whether by the County, the City, or otherwise); the costs of remitting the Special Tax 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, Improvement Area No. 1, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS pertaining to any Bonds or any audit of any Bonds by the IRS; the costs to the City, Improvement Area No. 1, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries

regarding the Special Tax; the costs of the City, Improvement Area No. 1, or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City, or Improvement Area No. 1 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 any delinquent installment of the Special Tax.

"Airspace Parcel" means a property with an assigned Assessor's Parcel number that constitutes vertical space on an underlying land Parcel.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Use Code, and Units.

"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 designating parcels by an Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a., or the Special Tax for each Land Use Class of Final Subdivision Property, as determined in accordance with Section C.1.b.

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by Bonds or Special Tax revenue dedicated to Pay-As-You-Go Expenditures for Improvement Area No. 1.

"Backup Special Tax" means the Backup Special Tax amount set forth in Section C.1.c.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued or incurred for Improvement Area No. 1 under the Act to fund the Authorized Facilities.

"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.

"Boundary Map" means that map recorded with the County Recorder's office on August 23, 2019, in Book 129 at Page 9 as Document Number 201908230413.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax.

"CFD" means Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

"City" means the City of Sacramento.

"Council" means the City Council of the City, acting as legislative body with respect to the CFD as contemplated by the Act.

"County" means the County of Sacramento.

“County Assessor” means the County of Sacramento, Office of the Assessor.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to June 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels that are exempt from the Special Tax pursuant to Section E.

“Expected Revenue” means the expected Special Tax revenue from Developed Property within Improvement Area No. 1, as shown on the attached Exhibit 1.

“Expected Units” means the expected number of Units on Developed Property within Improvement Area No. 1, as shown on the attached Exhibit 1.

“Final Subdivision” 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 Section 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

“GIS”, or geographic information system, means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

“High-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 15 or greater Units per Acre. The assignment of the High-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 1 designated as “HDR” or similar.

“Improvement Area” means any of the three improvement areas shown on the Boundary Map of the CFD.

“Improvement Area No. 1” means Improvement Area No. 1 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

“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.

“Land Use Class” means any of the classes listed in Table 1 and Table 2.

“Low-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 7 or fewer Units per Acre. The assignment of the Low-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 1 designated as “LDR” or similar.

“Maximum Special Tax” means the maximum annual 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.

“Medium-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 8-14 Units per Acre. The assignment of the Medium-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 1 designated as “MDR” or similar.

“Minimum Taxable Acreage” means 80.59 Acres for Improvement Area No. 1.

“Mixed-Use Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property containing structures that have a mixture of residential and non-residential uses. The non-residential portions of the Parcel are not subject to the Special Tax. The assignment of the Mixed-Use Residential Property to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 1 designated as “MU” or similar.

“Non-Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property not classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Open Space Property” means property within the boundaries of Improvement Area No. 1 which (a) has been designated with specific boundaries and Acreage on a Final Subdivision map as open space, a park, detention basin, or wetland restoration, (b) is classified by the County Assessor as open space, a park, detention basin, or wetland restoration, (c) has been irrevocably offered for dedication as open space, a park, detention basin, or wetland restoration to the federal government, the State of California, the County, the City, or any other public agency or nonprofit holding a conservation easement, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space, a park, detention basin, or wetland restoration.

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

“Pay-As-You-Go Expenditure” means Special Tax revenue which is used or set aside for Authorized Facilities, including for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement until all Authorized Facilities have been constructed or acquired.

“Property Owner Association Property” means any property within the boundaries of Improvement Area No. 1 which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a 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 Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessor’s Parcels of Developed Property within Improvement Area No. 1. For Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax

levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor's Parcels of Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property within Improvement Area No. 1.

"Public Property" means any property within the boundaries of Improvement Area No. 1 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 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, the County, the City or any other public agency, including school districts and public utilities.

"RMA" means this Amended and Restated Rate and Method of Apportionment of Special Tax, which may be amended from time-to-time.

"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 Special Tax Requirement.

"Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for Improvement Area No. 1 to: (i) pay Administrative Expenses; (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, to the extent not included in a computation of the Special Tax Requirement for a previous Fiscal Year; (v) to the extent permitted by the Act, pay for reasonably anticipated delinquent installments of the Special Tax based on the delinquency rate for the Special Tax levied in the previous Fiscal Year; and (vi) account for Pay-As-You-Go Expenditures for the Authorized Facilities; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Contingent Property" means any Assessor's Parcel of Non-Residential Property, Open Space Property, Property Owner Association Property, Public Property, or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property located within Improvement Area No. 1 below the Minimum Taxable Acreage for Improvement Area No. 1.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Tax pursuant to law or Section E below.

"Tentative Map" means a map that is made for the purpose of showing the design of a proposed subdivision, including the individual lots that are expected within the subdivision, as well as the conditions pertaining thereto. A Tentative Map is not based on a detailed survey of the property within the map and is not recorded with the County recorder's office to create legal lots.

"Tentative Map Property" means, in any Fiscal Year, all Parcels which are included within a Tentative

Map that was approved prior to June 1 of the prior Fiscal Year.

“Trustee” means the financial institution appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof to administer a series of Bonds for and on behalf of Improvement Area No. 1 and the City under such Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, or Tentative Map Property.

“Unit” means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) reviewing City building permit data. An Accessory Dwelling Unit shall not be considered a Unit for the purposes of the Special Tax.

“Use Code” means the six-digit use code assigned by the County Assessor to each Assessor’s Parcel.

“Village” means an area, as shown on Exhibit 2 to the RMA, proposed for residential development for Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Welfare Exempt Property” means any Parcel within the boundaries of Improvement Area No. 1 that is exempt from the Special Tax pursuant to Section 53340 (c) of the Act because the Parcel has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code. During any time that Bonds are outstanding, property that was not classified as Welfare Exempt Property prior to the issuance of Bonds and was subject to the Special Tax prior to receiving the welfare exemption may no longer be categorized as Welfare Exempt Property regardless of whether the Assessor’s Parcel has been granted a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code by the County.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels of Taxable Property within Improvement Area No. 1 shall be (a) classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property and (b) shall be subject to the levy of the annual Special Tax determined pursuant to Section C below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property and Final Subdivision Property

The Maximum Special Tax for each Assessor’s Parcel of Developed Property and Final Subdivision Property shall be the greater of (1) the Assigned Special Tax described in Section C.1.a and C.1.b or (2) the Backup Special Tax computed pursuant to Section C.1.c.

a. **Assigned Special Tax for Developed Property**

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$2,168 per Unit
2	Medium-Density Residential Property	\$1,745 per Unit
3	High-Density Residential Property	\$250 per Unit
4	Mixed-Use Residential Property	\$250 per Unit
5	Non-Residential Property	\$0

b. **Assigned Special Tax for Final Subdivision Property**

The Assigned Special Tax for each Assessor's Parcel of Final Subdivision Property is shown in Table 2.

TABLE 2

Assigned Special Tax for Final Subdivision Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$2,168 per Parcel
2	Medium-Density Residential Property	\$1,745 per Parcel
3	High-Density Residential Property	\$250 per Unit ¹
4	Mixed-Use Residential Property	\$250 per Unit ¹
5	Non-Residential Property	\$0

¹ Per Unit expected on each Parcel of Final Subdivision Property.

c. Backup Special Tax (Fiscal Year 2021-2022)

The Backup Special Tax per Village for each Assessor's Parcel of Developed Property and Final Subdivision Property, is calculated as follows:

Backup Special Tax = Expected Revenue / Units on Developed Property and/or Units expected on Final Subdivision Property

For each Village, by reference to Exhibit 1, should the number of Units be less than the Expected Units when all Assessor's Parcels are classified as Developed Property, the Backup Special Tax per Unit shall be adjusted so that the Backup Special Tax per Unit is sufficient to generate the Expected Revenue in any Fiscal Year. The CFD Administrator shall update Exhibit 1 with the revised Units and Expected Revenue to be derived from each Village.

Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined by the Act), the Backup Special Tax for the Assessor's Parcel cannot be increased because of future reductions in the number of Units on other Assessor's Parcels. The increases to the Backup Special Tax pursuant to Section C.1.e below would still apply to such Assessor's Parcel.

d. Changes to Land Use Class

Prior to a bond sale, if a Land Use Class change is proposed or identified that will result in a change in the Expected Revenues, no action will be needed pursuant to this Section. Each Fiscal Year, the CFD Administrator shall update Exhibit 1 to show the revised Units and Expected Revenues if a Land Use Class change has been approved.

After a Bond sale, if a Land Use Class change is proposed or identified, the following must be applied:

If the revenues calculated are higher than those reflected in Exhibit 1 or less than those calculated in Exhibit 1, but the reduction in Expected Revenues does not reduce debt service coverage below the required 110% debt service coverage, no further action is needed, and the CFD Administrator shall update Exhibit 1 to show the revised Expected Revenues.

If the revenues calculated are less than those reflected in Exhibit 1, and the CFD Administrator determines that the reduction in Expected Revenues would reduce debt service coverage below the required 110% debt service coverage the Special Tax levied on the Parcel subject to a Land Use Class change will need to be paid and one of the following shall occur: (i) The landowner requesting the Land Use Class change may make a prepayment in an amount that will ensure that the reduced Expected Revenues are sufficient to meet the required 110% debt service coverage or (ii) If a prepayment is not selected, the Assigned Special Tax on the Parcel or Parcels subject to the Land Use Class change shall be increased proportionately until the Expected Revenues are sufficient to maintain the required 110% debt service coverage. Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined pursuant to

the Act), the Maximum Special Tax for the Assessor's Parcel cannot be increased because of future Land Use Class changes for other Assessor's Parcels.

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2022, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Subdivision Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Contingent Property, Tentative Map Property, and Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be \$9,705 per Acre in Fiscal Year 2021-2022.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing no earlier than Fiscal Year 2021-2022 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement, and shall levy the Special Tax until the amount of the Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Final Subdivision Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax for Final Subdivision Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on all Tentative Map Property at a rate up to 100% of the Maximum Special Tax for Tentative Map Property.

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property used for private residential purposes (as determined pursuant to the Act) in any Fiscal Year be increased as a consequence of the delinquency or default in the payment of the Special Tax by the owner or owners of any other Taxable Property by more than ten percent above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

E. EXEMPTIONS

1. No Special Tax shall be levied on up to 20.10 Acres of Non-Residential Property, Open Space Property, Property Owner Association Property, and Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property.
2. For the following property types in excess of the 20.10 Acres exempted above, Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Contingent Property. Taxable Contingent Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Contingent Property.
3. No Special Tax shall be levied on Welfare Exempt Property. If a Parcel is no longer eligible to be classified as Welfare Exempt Property 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. Any property that is granted a welfare exemption when any Bonds are outstanding and was subject to the Special Tax prior to receiving the welfare exemption shall not be considered Welfare Exempt Property.
4. The Special Tax for any Developed Property, which would change classification to Public Property upon its transfer or dedication to a public agency, shall continue to be subject to the levy of the Special Tax as Developed Property.
5. 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 E.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.
6. If an Assessor's Parcel designated as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property changes to Non-Residential Property, the Special Tax shall continue to be levied on such Non-Residential Property as if the Assessor's Parcel was still classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

F. SPECIAL TAX APPEALS

Any property owner may file a written appeal of the Special Tax with the CFD 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 Tax that is disputed, and the appellant must be current in all payments of the Special Tax. In addition, during the term of the appeal process, any Special Tax 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 amount of the Special Tax is not correct. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the Council requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for the prior years' Special Tax, but an adjustment shall be made to credit future Special Tax levies.

G. INTERPRETATIONS

The City may, by resolution or ordinance, interpret, clarify and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of Parcels, or any definition used herein, as long as such correction does not materially affect the levy and collection of the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion.

H. 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 the CFD Administrator may, at the sole discretion of the City, directly bill the Special Tax, may collect the Special Tax 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 the Special Tax.

I. PREPAYMENT OF SPECIAL TAX OBLIGATION

The following definitions apply to this Section I:

"CFD Public Facilities" means those public facilities authorized to be financed by Improvement Area No. 1.

"CFD Public Facilities Costs" means either \$10,772,449 in costs for completed facilities/land dedications in 2021 dollars; plus \$2,404,252 in costs for pending facilities/land dedications in 2021 dollars, which shall increase by the Construction Cost Index on July 1, 2022, and on each July 1 thereafter, or such lower number as shall be determined either by (a) the CFD Administrator as

sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this RMA.

“Construction Cost Index” means the annual percentage change in the Engineering News-Record Construction Cost Index for the City of San Francisco, measured as of June in the previous Fiscal Year. In the event this index ceases to be published, the Construction Cost Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of San Francisco.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus the portion of the CFD Public Facilities Costs previously funded from (a) proceeds of all previously issued Bonds, (b) interest earnings on the Construction Fund actually earned prior to the date of prepayment and (c) proceeds of the Special Tax dedicated to Pay-As-You-Go Expenditures. In no case, shall the Future Facilities Costs be less than zero.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first principal payment date following the then current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax obligations.

1. Prepayment in Full

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount		
	plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Defeasance Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	<u>less</u>	<u>Capitalized Interest Credit</u>
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step Number:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property other than Non-Residential Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Subdivision Property, Tentative Map Property, and Undeveloped Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the number of Expected Units to be developed on that Assessor's Parcel.
3. a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for Improvement Area No. 1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 1, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.

b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for Improvement Area No. 1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 1, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.
4. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the total Future Facilities Costs to compute the amount of the Future Facilities Amount to be retired and prepaid (the "*Future Facilities Amount*").
7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount on the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to

Step 8 (the “*Defeasance Amount*”).

11. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “*Administrative Fees and Expenses*”).
12. A reserve fund credit (the “*Reserve Fund Credit*”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), 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) 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.
13. 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 larger quotient computed pursuant to Steps 3.a or 3.b by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “*Capitalized Interest Credit*”).
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10 and 11, less the amount computed pursuant to Steps 12 and 13 (the “*Prepayment Amount*”).
15. From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, 10, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds and make debt service payments. The amount computed pursuant to Step 6 shall be deposited into the Construction Fund. The amount computed pursuant to Step 11 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment amount that is not \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

Any current-year Special Tax that has been placed on the County tax roll will remain on the tax roll.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of the Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond Year.

2. Prepayment in Part

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Tentative Map Property, or Undeveloped Property for which a building permit has been issued may be partially prepaid in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1.

A partial prepayment can only occur once per Assessor's Parcel. The amount of the prepayment shall be calculated as in Section I.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 I.1

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

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

The owner of an Assessor's Parcel who desires to partially prepay the Special Tax obligation shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax obligation, (ii) the amount of partial prepayment expressed in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such partial prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the funds remitted to it according to Step 15 of Section I.1, and (ii) indicate in the records of Improvement Area No. 1 that there has been a partial prepayment of the Special Tax obligation and that a portion of the Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed partial prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond year.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied commencing in Fiscal Year 2021-2022 to the extent necessary to fully satisfy the Special Tax Requirement and shall not be levied after the 2065-2066 Fiscal Year.

EXHIBIT 1

EXPECTED UNITS/REVENUE PER VILLAGE FOR DEVELOPED PROPERTY (FISCAL YEAR 2021-22)

Land Use Class	Village ¹	Expected Units ²	Expected Revenue ³
1	LDR-1	157	\$340,376
1	LDR-2	81	175,608
2	MDR-1	110	191,950
2	MDR-2	34	59,330
3	HDR-1	59	14,750

¹ As shown on Exhibit 2 to this RMA.

² There is a total of 441 Expected Units within Improvement Area No. 1.

³ The total Expected Revenue within Improvement Area No. 1 is \$782,014, stated in Fiscal Year 2021-2022 dollars. On each July 1, commencing on July 1, 2022, the Expected Revenue shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

EXHIBIT 2

MAP OF VILLAGES WITHIN IMPROVEMENT AREA NO. 1

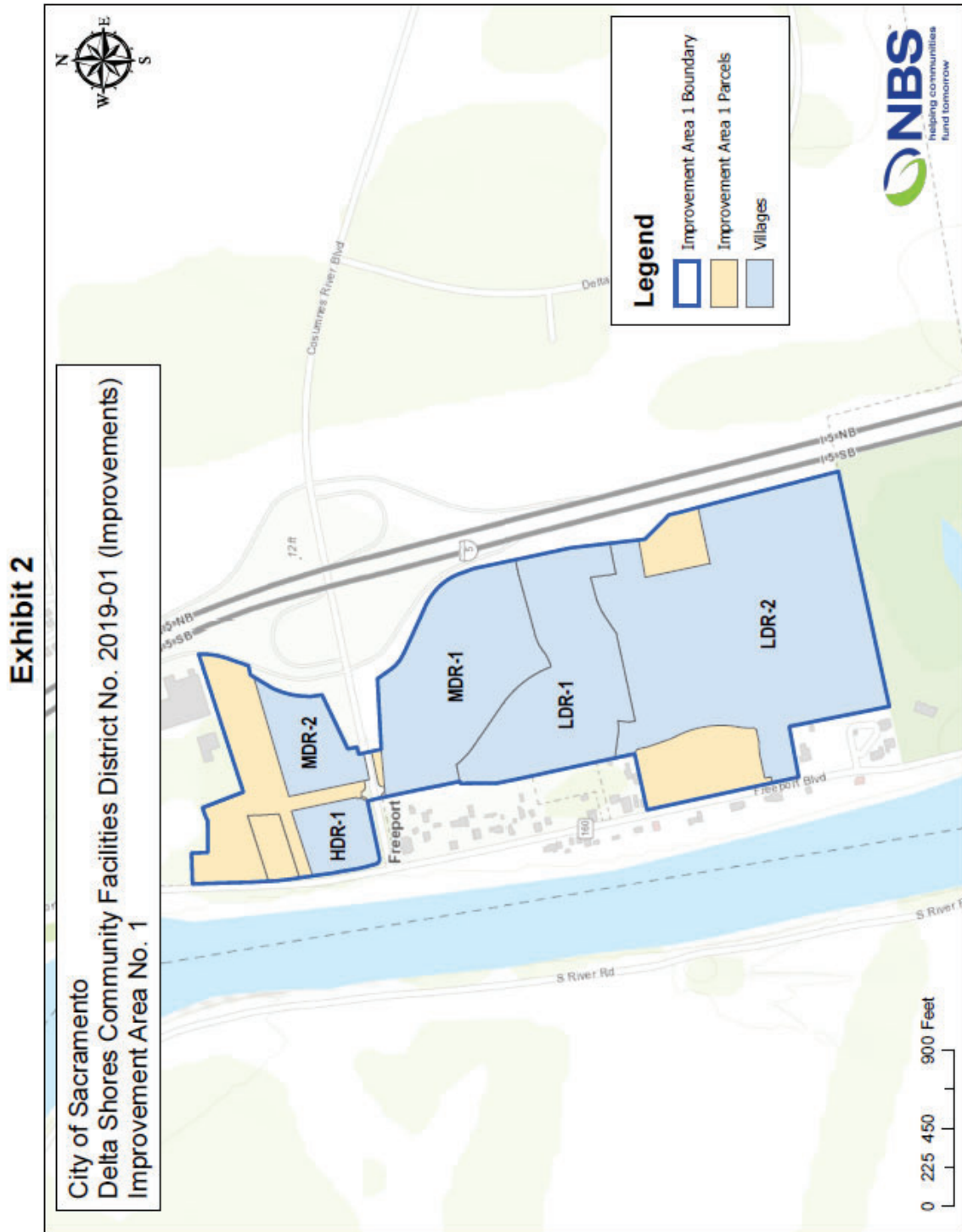


EXHIBIT B

DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01
(IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA

**AMENDED AND RESTATED
RATE, METHOD OF APPORTIONMENT,
AND MANNER OF COLLECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 2**

AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT FOR
DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01 (IMPROVEMENTS)

CITY OF SACRAMENTO
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 2

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 2 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California and collected each Fiscal Year commencing no earlier than Fiscal Year 2021-2022 in an amount determined through the application of the procedures described below. All of the real property within Improvement Area No. 2, unless exempted by law or the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. 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 on an Assessor’s Parcel Map and/or in the Assessor’s Data, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel or calculated using available spatial data and GIS, all as determined by the CFD Administrator. 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.

“Accessory Dwelling Unit” means a secondary residential unit of limited size, as defined in California Government Code Section 65852.2 and/or meeting the criteria outlined in Sacramento City Code Section 17.228.105, as may be amended from time-to-time.

“Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of Improvement Area No. 2 including, but not limited to, the following: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Tax (whether by the County, the City, or otherwise); the costs of remitting the Special Tax 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, Improvement Area No. 2, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS pertaining to any Bonds or any audit of any Bonds by the IRS; the costs to the City, Improvement Area No. 2, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries

regarding the Special Tax; the costs of the City, Improvement Area No. 2, or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City, or Improvement Area No. 2 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 any delinquent installment of the Special Tax.

"Airspace Parcel" means a property with an assigned Assessor's Parcel number that constitutes vertical space on an underlying land Parcel.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Use Code, and Units.

"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 designating parcels by an Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a., or the Special Tax for each Land Use Class of Final Subdivision Property, as determined in accordance with Section C.1.b.

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by Bonds or Special Tax revenue dedicated to Pay-As-You-Go Expenditures for Improvement Area No. 2.

"Backup Special Tax" means the Backup Special Tax amount set forth in Section C.1.c.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued or incurred for Improvement Area No. 2 under the Act to fund the Authorized Facilities.

"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.

"Boundary Map" means that map recorded with the County Recorder's office on August 23, 2019, in Book 129 at Page 9 as Document Number 201908230413.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax.

"CFD" means Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

"City" means the City of Sacramento.

"Council" means the City Council of the City, acting as legislative body with respect to the CFD as contemplated by the Act.

"County" means the County of Sacramento.

“County Assessor” means the County of Sacramento, Office of the Assessor.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to June 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels that are exempt from the Special Tax pursuant to Section E.

“Expected Revenue” means the expected Special Tax revenue from Developed Property within Improvement Area No. 2, as shown on the attached Exhibit 1.

“Expected Units” means the expected number of Units on Developed Property within Improvement Area No. 2, as shown on the attached Exhibit 1.

“Final Subdivision” 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 Section 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

“GIS”, or geographic information system, means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

“High-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 15 or greater Units per Acre. The assignment of the High-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 2 designated as “HDR” or similar.

“Improvement Area” means any of the three improvement areas shown on the Boundary Map of the CFD.

“Improvement Area No. 2” means Improvement Area No. 2 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

“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.

“Land Use Class” means any of the classes listed in Table 1 and Table 2.

“Low-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 7 or fewer Units per Acre. The assignment of the Low-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 2 designated as “LDR” or similar.

“Maximum Special Tax” means the maximum annual 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.

“Medium-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 8-14 Units per Acre. The assignment of the Medium-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 2 designated as “MDR” or similar.

“Minimum Taxable Acreage” means 83.95 Acres for Improvement Area No. 2.

“Mixed-Use Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property containing structures that have a mixture of residential and non-residential uses. The non-residential portions of the Parcel are not subject to the Special Tax. The assignment of the Mixed-Use Residential Property to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 2 designated as “MU” or similar.

“Non-Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property not classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Open Space Property” means property within the boundaries of Improvement Area No. 2 which (a) has been designated with specific boundaries and Acreage on a Final Subdivision map as open space, a park, detention basin, or wetland restoration, (b) is classified by the County Assessor as open space, a park, detention basin, or wetland restoration, (c) has been irrevocably offered for dedication as open space, a park, detention basin, or wetland restoration to the federal government, the State of California, the County, the City, or any other public agency or nonprofit holding a conservation easement, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space, a park, detention basin, or wetland restoration.

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

“Pay-As-You-Go Expenditure” means Special Tax revenue which is used or set aside for Authorized Facilities, including for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement until all Authorized Facilities have been constructed or acquired.

“Property Owner Association Property” means any property within the boundaries of Improvement Area No. 2 which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a 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 Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessor’s Parcels of Developed Property within Improvement Area No. 2. For Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax

levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor's Parcels of Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property within Improvement Area No. 2.

"Public Property" means any property within the boundaries of Improvement Area No. 2 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 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, the County, the City or any other public agency, including school districts and public utilities.

"RMA" means this Amended and Restated Rate and Method of Apportionment of Special Tax, which may be amended from time-to-time.

"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 Special Tax Requirement.

"Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for Improvement Area No. 2 to: (i) pay Administrative Expenses; (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, to the extent not included in a computation of the Special Tax Requirement for a previous Fiscal Year; (v) to the extent permitted by the Act, pay for reasonably anticipated delinquent installments of the Special Tax based on the delinquency rate for the Special Tax levied in the previous Fiscal Year; and (vi) account for Pay-As-You-Go Expenditures for the Authorized Facilities; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Contingent Property" means any Assessor's Parcel of Non-Residential Property, Open Space Property, Property Owner Association Property, Public Property, or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property located within Improvement Area No. 2 below the Minimum Taxable Acreage for Improvement Area No. 2.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of Improvement Area No. 2 that are not exempt from the Special Tax pursuant to law or Section E below.

"Tentative Map" means a map that is made for the purpose of showing the design of a proposed subdivision, including the individual lots that are expected within the subdivision, as well as the conditions pertaining thereto. A Tentative Map is not based on a detailed survey of the property within the map and is not recorded with the County recorder's office to create legal lots.

"Tentative Map Property" means, in any Fiscal Year, all Parcels which are included within a Tentative

Map that was approved prior to June 1 of the prior Fiscal Year.

“Trustee” means the financial institution appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof to administer a series of Bonds for and on behalf of Improvement Area No. 2 and the City under such Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, or Tentative Map Property.

“Unit” means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) reviewing City building permit data. An Accessory Dwelling Unit shall not be considered a Unit for the purposes of the Special Tax.

“Use Code” means the six-digit use code assigned by the County Assessor to each Assessor’s Parcel.

“Village” means an area, as shown on Exhibit 2 to the RMA, proposed for residential development for Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Welfare Exempt Property” means any Parcel within the boundaries of Improvement Area No. 2 that is exempt from the Special Tax pursuant to Section 53340 (c) of the Act because the Parcel has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code. During any time that Bonds are outstanding, property that was not classified as Welfare Exempt Property prior to the issuance of Bonds and was subject to the Special Tax prior to receiving the welfare exemption may no longer be categorized as Welfare Exempt Property regardless of whether the Assessor’s Parcel has been granted a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code by the County.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels of Taxable Property within Improvement Area No. 2 shall be (a) classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property and (b) shall be subject to the levy of the annual Special Tax determined pursuant to Section C below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property and Final Subdivision Property

The Maximum Special Tax for each Assessor’s Parcel of Developed Property and Final Subdivision Property shall be the greater of (1) the Assigned Special Tax described in Section C.1.a and C.1.b or (2) the Backup Special Tax computed pursuant to Section C.1.c.

a. **Assigned Special Tax for Developed Property**

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$1,966 per Unit
2	Medium-Density Residential Property	\$1,530 per Unit
3	High-Density Residential Property	\$250 per Unit
4	Mixed-Use Residential Property	\$250 per Unit
5	Non-Residential Property	\$0

b. **Assigned Special Tax for Final Subdivision Property**

The Assigned Special Tax for each Assessor's Parcel of Final Subdivision Property is shown in Table 2.

TABLE 2

Assigned Special Tax for Final Subdivision Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$1,966 per Parcel
2	Medium-Density Residential Property	\$1,530 per Parcel
3	High-Density Residential Property	\$250 per Unit ¹
4	Mixed-Use Residential Property	\$250 per Unit ¹
5	Non-Residential Property	\$0

¹ Per Unit expected on each Parcel of Final Subdivision Property.

c. Backup Special Tax (Fiscal Year 2021-2022)

The Backup Special Tax per Village for each Assessor's Parcel of Developed Property and Final Subdivision Property, is calculated as follows:

Backup Special Tax = Expected Revenue / Units on Developed Property and/or Units expected on Final Subdivision Property

For each Village, by reference to Exhibit 1, should the number of Units be less than the Expected Units when all Assessor's Parcels are classified as Developed Property, the Backup Special Tax per Unit shall be adjusted so that the Backup Special Tax per Unit is sufficient to generate the Expected Revenue in any Fiscal Year. The CFD Administrator shall update Exhibit 1 with the revised Units and Expected Revenue to be derived from each Village.

Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined by the Act), the Backup Special Tax for the Assessor's Parcel cannot be increased because of future reductions in the number of Units on other Assessor's Parcels. The increases to the Backup Special Tax pursuant to Section C.1.e below would still apply to such Assessor's Parcel.

d. Changes to Land Use Class

Prior to a bond sale, if a Land Use Class change is proposed or identified that will result in a change in the Expected Revenues, no action will be needed pursuant to this Section. Each Fiscal Year, the CFD Administrator shall update Exhibit 1 to show the revised Units and Expected Revenues if a Land Use Class change has been approved.

After a Bond sale, if a Land Use Class change is proposed or identified, the following must be applied:

If the revenues calculated are higher than those reflected in Exhibit 1 or less than those calculated in Exhibit 1, but the reduction in Expected Revenues does not reduce debt service coverage below the required 110% debt service coverage, no further action is needed, and the CFD Administrator shall update Exhibit 1 to show the revised Expected Revenues.

If the revenues calculated are less than those reflected in Exhibit 1, and the CFD Administrator determines that the reduction in Expected Revenues would reduce debt service coverage below the required 110% debt service coverage the Special Tax levied on the Parcel subject to a Land Use Class change will need to be paid and one of the following shall occur: (i) The landowner requesting the Land Use Class change may make a prepayment in an amount that will ensure that the reduced Expected Revenues are sufficient to meet the required 110% debt service coverage or (ii) If a prepayment is not selected, the Assigned Special Tax on the Parcel or Parcels subject to the Land Use Class change shall be increased proportionately until the Expected Revenues are sufficient to maintain the required 110% debt service coverage. Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined pursuant to

the Act), the Maximum Special Tax for the Assessor's Parcel cannot be increased because of future Land Use Class changes for other Assessor's Parcels.

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2022, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Subdivision Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Contingent Property, Tentative Map Property, and Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be \$10,180 per Acre in Fiscal Year 2021-2022.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing no earlier than Fiscal Year 2021-2022 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement, and shall levy the Special Tax until the amount of the Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Final Subdivision Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax for Final Subdivision Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on all Tentative Map Property at a rate up to 100% of the Maximum Special Tax for Tentative Map Property.

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property used for private residential purposes (as determined pursuant to the Act) in any Fiscal Year be increased as a consequence of the delinquency or default in the payment of the Special Tax by the owner or owners of any other Taxable Property by more than ten percent above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

E. EXEMPTIONS

1. No Special Tax shall be levied on up to 55.12 Acres of Non-Residential Property, Open Space Property, Property Owner Association Property, and Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property.
2. For the following property types in excess of the 55.12 Acres exempted above, Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Contingent Property. Taxable Contingent Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Contingent Property.
3. No Special Tax shall be levied on Welfare Exempt Property. If a Parcel is no longer eligible to be classified as Welfare Exempt Property 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. Any property that is granted a welfare exemption when any Bonds are outstanding and was subject to the Special Tax prior to receiving the welfare exemption shall not be considered Welfare Exempt Property.
4. The Special Tax for any Developed Property, which would change classification to Public Property upon its transfer or dedication to a public agency, shall continue to be subject to the levy of the Special Tax as Developed Property.
5. 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 E.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.
6. If an Assessor's Parcel designated as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property changes to Non-Residential Property, the Special Tax shall continue to be levied on such Non-Residential Property as if the Assessor's Parcel was still classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

F. SPECIAL TAX APPEALS

Any property owner may file a written appeal of the Special Tax with the CFD 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 Tax that is disputed, and the appellant must be current in all payments of the Special Tax. In addition, during the term of the appeal process, any Special Tax 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 amount of the Special Tax is not correct. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the Council requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for the prior years' Special Tax, but an adjustment shall be made to credit future Special Tax levies.

G. INTERPRETATIONS

The City may, by resolution or ordinance, interpret, clarify and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of Parcels, or any definition used herein, as long as such correction does not materially affect the levy and collection of the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion.

H. 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 the CFD Administrator may, at the sole discretion of the City, directly bill the Special Tax, may collect the Special Tax 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 the Special Tax.

I. PREPAYMENT OF SPECIAL TAX OBLIGATION

The following definitions apply to this Section I:

"CFD Public Facilities" means those public facilities authorized to be financed by Improvement Area No. 2.

"CFD Public Facilities Costs" means either \$11,249,860 in costs for completed facilities/land dedications in 2021 dollars; plus \$2,364,838 in costs for pending facilities/land dedications in 2021 dollars, which shall increase by the Construction Cost Index on July 1, 2022, and on each July 1 thereafter, or such lower number as shall be determined either by (a) the CFD Administrator as

sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this RMA.

“Construction Cost Index” means the annual percentage change in the Engineering News-Record Construction Cost Index for the City of San Francisco, measured as of June in the previous Fiscal Year. In the event this index ceases to be published, the Construction Cost Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of San Francisco.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus the portion of the CFD Public Facilities Costs previously funded from (a) proceeds of all previously issued Bonds, (b) interest earnings on the Construction Fund actually earned prior to the date of prepayment and (c) proceeds of the Special Tax dedicated to Pay-As-You-Go Expenditures. In no case, shall the Future Facilities Costs be less than zero.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first principal payment date following the then current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax obligations.

1. Prepayment in Full

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount		
	plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Defeasance Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	<u>less</u>	<u>Capitalized Interest Credit</u>
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step Number:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property other than Non-Residential Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Subdivision Property, Tentative Map Property, and Undeveloped Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the number of Expected Units to be developed on that Assessor's Parcel.
3. a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for Improvement Area No. 2 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 2, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.

b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for Improvement Area No. 2 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 2, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.
4. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the total Future Facilities Costs to compute the amount of the Future Facilities Amount to be retired and prepaid (the "*Future Facilities Amount*").
7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount on the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to

Step 8 (the “*Defeasance Amount*”).

11. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “*Administrative Fees and Expenses*”).
12. A reserve fund credit (the “*Reserve Fund Credit*”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), 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) 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.
13. 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 larger quotient computed pursuant to Steps 3.a or 3.b by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “*Capitalized Interest Credit*”).
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10 and 11, less the amount computed pursuant to Steps 12 and 13 (the “*Prepayment Amount*”).
15. From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, 10, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds and make debt service payments. The amount computed pursuant to Step 6 shall be deposited into the Construction Fund. The amount computed pursuant to Step 11 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment amount that is not \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

Any current-year Special Tax that has been placed on the County tax roll will remain on the tax roll.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of the Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond Year.

2. Prepayment in Part

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Tentative Map Property, or Undeveloped Property for which a building permit has been issued may be partially prepaid in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1.

A partial prepayment can only occur once per Assessor's Parcel. The amount of the prepayment shall be calculated as in Section I.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 I.1

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

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

The owner of an Assessor's Parcel who desires to partially prepay the Special Tax obligation shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax obligation, (ii) the amount of partial prepayment expressed in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such partial prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the funds remitted to it according to Step 15 of Section I.1, and (ii) indicate in the records of Improvement Area No. 2 that there has been a partial prepayment of the Special Tax obligation and that a portion of the Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed partial prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond year.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied commencing in Fiscal Year 2021-2022 to the extent necessary to fully satisfy the Special Tax Requirement and shall not be levied after the 2065-2066 Fiscal Year.

EXHIBIT 1

EXPECTED UNITS/REVENUE PER VILLAGE FOR DEVELOPED PROPERTY (FISCAL YEAR 2021-22)

Land Use Class	Village ¹	Expected Units ²	Expected Revenue ³
2	MDR-5	87	\$133,110
2	MDR-6	102	156,060
2	MDR-7	96	146,880
2	MDR-8	136	208,080
3	HDR-6	163	40,750
3	HDR-7	132	33,000
3	HDR-8	112	28,000
3	HDR-9	152	38,000
3	HDR-10 S	163	40,750
4	MU-1	120	30,000

¹ As shown on Exhibit 2 to this RMA.

² There is a total of 1,263 Expected Units within Improvement Area No. 2.

³ The total Expected Revenue within Improvement Area No. 2 is \$854,630, stated in Fiscal Year 2021-2022 dollars. On each July 1, commencing on July 1, 2022, the Expected Revenue shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

EXHIBIT 2

MAP OF VILLAGES WITHIN IMPROVEMENT AREA NO. 2

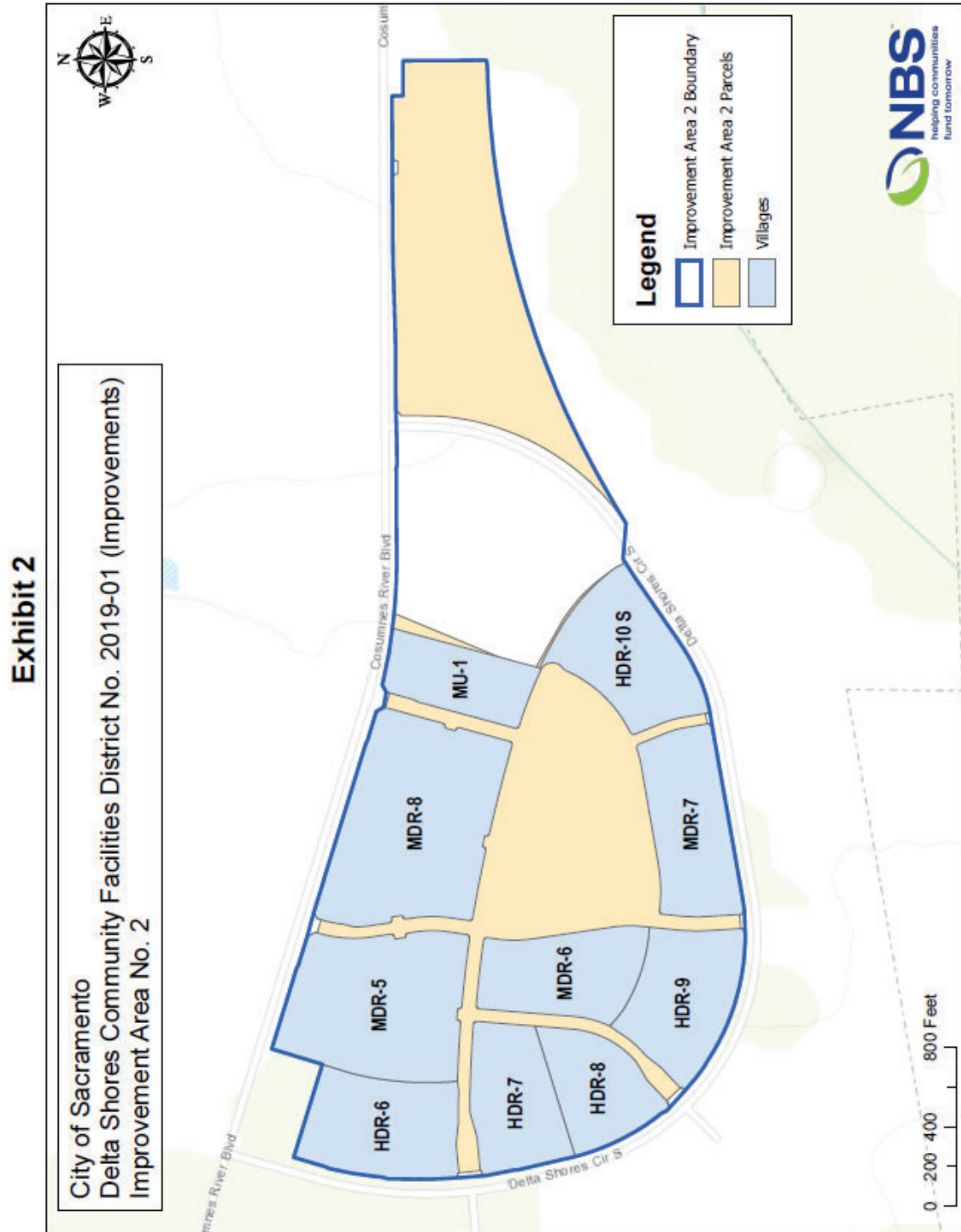


EXHIBIT C

DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01
(IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA

**AMENDED AND RESTATED
RATE, METHOD OF APPORTIONMENT,
AND MANNER OF COLLECTION OF SPECIAL TAX
IMPROVEMENT AREA NO. 3**

AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT FOR
DELTA SHORES COMMUNITY FACILITIES DISTRICT NO. 2019-01 (IMPROVEMENTS)

CITY OF SACRAMENTO
COUNTY OF SACRAMENTO
STATE OF CALIFORNIA

IMPROVEMENT AREA NO. 3

A Special Tax as hereinafter defined shall be levied on each Assessor's Parcel of Taxable Property within Improvement Area No. 3 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California and collected each Fiscal Year commencing no earlier than Fiscal Year 2021-2022 in an amount determined through the application of the procedures described below. All of the real property within Improvement Area No. 3, unless exempted by law or the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. 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 on an Assessor’s Parcel Map and/or in the Assessor’s Data, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, record of survey, or other recorded document creating or describing the parcel or calculated using available spatial data and GIS, all as determined by the CFD Administrator. 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.

“Accessory Dwelling Unit” means a secondary residential unit of limited size, as defined in California Government Code Section 65852.2 and/or meeting the criteria outlined in Sacramento City Code Section 17.228.105, as may be amended from time-to-time.

“Administrative Expenses” means the actual or reasonably estimated costs directly related to the administration of Improvement Area No. 3 including, but not limited to, the following: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Tax (whether by the County, the City, or otherwise); the costs of remitting the Special Tax 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, Improvement Area No. 3, or any designee thereof of complying with arbitrage rebate requirements or responding to questions from the IRS pertaining to any Bonds or any audit of any Bonds by the IRS; the costs to the City, Improvement Area No. 3, or any designee thereof of providing continuing disclosure regarding the Bonds pursuant to applicable state or federal securities law; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries

regarding the Special Tax; the costs of the City, Improvement Area No. 3, or any designee thereof related to any appeal of the levy or application of the Special Tax; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City, or Improvement Area No. 3 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 any delinquent installment of the Special Tax.

"Airspace Parcel" means a property with an assigned Assessor's Parcel number that constitutes vertical space on an underlying land Parcel.

"Assessor's Data" means the property characteristic data compiled and maintained by the County Assessor for each Assessor's Parcel, including, but not limited to, Assessor's Parcel Number, Use Code, and Units.

"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 designating parcels by an Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a., or the Special Tax for each Land Use Class of Final Subdivision Property, as determined in accordance with Section C.1.b.

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by Bonds or Special Tax revenue dedicated to Pay-As-You-Go Expenditures for Improvement Area No. 3.

"Backup Special Tax" means the Backup Special Tax amount set forth in Section C.1.c.

"Bonds" means any bonds or other debt (as defined in the Act), whether in one or more series, issued or incurred for Improvement Area No. 3 under the Act to fund the Authorized Facilities.

"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.

"Boundary Map" means that map recorded with the County Recorder's office on August 23, 2019, in Book 129 at Page 9 as Document Number 201908230413.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax.

"CFD" means Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

"City" means the City of Sacramento.

"Council" means the City Council of the City, acting as legislative body with respect to the CFD as contemplated by the Act.

"County" means the County of Sacramento.

“County Assessor” means the County of Sacramento, Office of the Assessor.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a building permit has been issued prior to June 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels that are exempt from the Special Tax pursuant to Section E.

“Expected Revenue” means the expected Special Tax revenue from Developed Property within Improvement Area No. 3, as shown on the attached Exhibit 1.

“Expected Units” means the expected number of Units on Developed Property within Improvement Area No. 3, as shown on the attached Exhibit 1.

“Final Subdivision” 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 Section 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

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

“GIS”, or geographic information system, means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

“High-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 15 or greater Units per Acre. The assignment of the High-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 3 designated as “HDR” or similar.

“Improvement Area” means any of the three improvement areas shown on the Boundary Map of the CFD.

“Improvement Area No. 3” means Improvement Area No. 3 of the Delta Shores Community Facilities District No. 2019-01 (Improvements), City of Sacramento, County of Sacramento, State of California.

“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.

“Land Use Class” means any of the classes listed in Table 1 and Table 2.

“Low-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 7 or fewer Units per Acre. The assignment of the Low-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 3 designated as “LDR” or similar.

“Maximum Special Tax” means the maximum annual 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.

“Medium-Density Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property with a density of 8-14 Units per Acre. The assignment of the Medium-Density Residential Property Land Use Class to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 3 designated as “MDR” or similar.

“Minimum Taxable Acreage” means 195.69 Acres for Improvement Area No. 3.

“Mixed-Use Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property containing structures that have a mixture of residential and non-residential uses. The non-residential portions of the Parcel are not subject to the Special Tax. The assignment of the Mixed-Use Residential Property to an Assessor’s Parcel shall be based upon reference to Exhibit 2 to this RMA showing the Villages within Improvement Area No. 3 designated as “MU” or similar.

“Non-Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property not classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Open Space Property” means property within the boundaries of Improvement Area No. 3 which (a) has been designated with specific boundaries and Acreage on a Final Subdivision map as open space, a park, detention basin, or wetland restoration, (b) is classified by the County Assessor as open space, a park, detention basin, or wetland restoration, (c) has been irrevocably offered for dedication as open space, a park, detention basin, or wetland restoration to the federal government, the State of California, the County, the City, or any other public agency or nonprofit holding a conservation easement, or (d) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space, a park, detention basin, or wetland restoration.

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

“Pay-As-You-Go Expenditure” means Special Tax revenue which is used or set aside for Authorized Facilities, including for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement until all Authorized Facilities have been constructed or acquired.

“Property Owner Association Property” means any property within the boundaries of Improvement Area No. 3 which is (a) owned by a property owner association or (b) designated with specific boundaries and Acreage on a 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 Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessor’s Parcels of Developed Property within Improvement Area No. 3. For Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax

levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor's Parcels of Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property within Improvement Area No. 3.

"Public Property" means any property within the boundaries of Improvement Area No. 3 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 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, the County, the City or any other public agency, including school districts and public utilities.

"RMA" means this Amended and Restated Rate and Method of Apportionment of Special Tax, which may be amended from time-to-time.

"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 Special Tax Requirement.

"Special Tax Requirement" means that amount of Special Tax revenue required in any Fiscal Year for Improvement Area No. 3 to: (i) pay Administrative Expenses; (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, to the extent not included in a computation of the Special Tax Requirement for a previous Fiscal Year; (v) to the extent permitted by the Act, pay for reasonably anticipated delinquent installments of the Special Tax based on the delinquency rate for the Special Tax levied in the previous Fiscal Year; and (vi) account for Pay-As-You-Go Expenditures for the Authorized Facilities; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Contingent Property" means any Assessor's Parcel of Non-Residential Property, Open Space Property, Property Owner Association Property, Public Property, or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property located within Improvement Area No. 3 below the Minimum Taxable Acreage for Improvement Area No. 3.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of Improvement Area No. 3 that are not exempt from the Special Tax pursuant to law or Section E below.

"Tentative Map" means a map that is made for the purpose of showing the design of a proposed subdivision, including the individual lots that are expected within the subdivision, as well as the conditions pertaining thereto. A Tentative Map is not based on a detailed survey of the property within the map and is not recorded with the County recorder's office to create legal lots.

"Tentative Map Property" means, in any Fiscal Year, all Parcels which are included within a Tentative

Map that was approved prior to June 1 of the prior Fiscal Year.

“Trustee” means the financial institution appointed pursuant to an Indenture to act as the trustee, fiscal agent, or paying agent or a combination thereof to administer a series of Bonds for and on behalf of Improvement Area No. 3 and the City under such Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, or Tentative Map Property.

“Unit” means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) reviewing City building permit data. An Accessory Dwelling Unit shall not be considered a Unit for the purposes of the Special Tax.

“Use Code” means the six-digit use code assigned by the County Assessor to each Assessor’s Parcel.

“Village” means an area, as shown on Exhibit 2 to the RMA, proposed for residential development for Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

“Welfare Exempt Property” means any Parcel within the boundaries of Improvement Area No. 3 that is exempt from the Special Tax pursuant to Section 53340 (c) of the Act because the Parcel has received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code. During any time that Bonds are outstanding, property that was not classified as Welfare Exempt Property prior to the issuance of Bonds and was subject to the Special Tax prior to receiving the welfare exemption may no longer be categorized as Welfare Exempt Property regardless of whether the Assessor’s Parcel has been granted a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code by the County.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels of Taxable Property within Improvement Area No. 3 shall be (a) classified as Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property and (b) shall be subject to the levy of the annual Special Tax determined pursuant to Section C below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property and Final Subdivision Property

The Maximum Special Tax for each Assessor’s Parcel of Developed Property and Final Subdivision Property shall be the greater of (1) the Assigned Special Tax described in Section C.1.a and C.1.b or (2) the Backup Special Tax computed pursuant to Section C.1.c.

a. **Assigned Special Tax for Developed Property**

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Table 1.

TABLE 1

Assigned Special Tax for Developed Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$2,027 per Unit
2	Medium-Density Residential Property	\$1,578 per Unit
3	High-Density Residential Property	\$250 per Unit
4	Mixed-Use Residential Property	\$250 per Unit
5	Non-Residential Property	\$0

b. **Assigned Special Tax for Final Subdivision Property**

The Assigned Special Tax for each Assessor's Parcel of Final Subdivision Property is shown in Table 2.

TABLE 2

Assigned Special Tax for Final Subdivision Property
(Fiscal Year 2021-2022)

Land Use Class	Description	Assigned Special Tax
1	Low-Density Residential Property	\$2,027 per Parcel
2	Medium-Density Residential Property	\$1,578 per Parcel
3	High-Density Residential Property	\$250 per Unit ¹
4	Mixed-Use Residential Property	\$250 per Unit ¹
5	Non-Residential Property	\$0

¹ Per Unit expected on each Parcel of Final Subdivision Property.

c. Backup Special Tax (Fiscal Year 2021-2022)

The Backup Special Tax per Village for each Assessor's Parcel of Developed Property and Final Subdivision Property, is calculated as follows:

Backup Special Tax = Expected Revenue / Units on Developed Property and/or Units expected on Final Subdivision Property

For each Village, by reference to Exhibit 1, should the number of Units be less than the Expected Units when all Assessor's Parcels are classified as Developed Property, the Backup Special Tax per Unit shall be adjusted so that the Backup Special Tax per Unit is sufficient to generate the Expected Revenue in any Fiscal Year. The CFD Administrator shall update Exhibit 1 with the revised Units and Expected Revenue to be derived from each Village.

Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined by the Act), the Backup Special Tax for the Assessor's Parcel cannot be increased because of future reductions in the number of Units on other Assessor's Parcels. The increases to the Backup Special Tax pursuant to Section C.1.e below would still apply to such Assessor's Parcel.

d. Changes to Land Use Class

Prior to a bond sale, if a Land Use Class change is proposed or identified that will result in a change in the Expected Revenues, no action will be needed pursuant to this Section. Each Fiscal Year, the CFD Administrator shall update Exhibit 1 to show the revised Units and Expected Revenues if a Land Use Class has been approved.

After a Bond sale, if a Land Use Class change is proposed or identified, the following must be applied:

If the revenues calculated are higher than those reflected in Exhibit 1 or less than those calculated in Exhibit 1, but the reduction in Expected Revenues does not reduce debt service coverage below the required 110% debt service coverage, no further action is needed, and the CFD Administrator shall update Exhibit 1 to show the revised Expected Revenues.

If the revenues calculated are less than those reflected in Exhibit 1, and the CFD Administrator determines that the reduction in Expected Revenues would reduce debt service coverage below the required 110% debt service coverage the Special Tax levied on the Parcel subject to a Land Use Class change will need to be paid and one of the following shall occur: (i) The landowner requesting the Land Use Class change may make a prepayment in an amount that will ensure that the reduced Expected Revenues are sufficient to meet the required 110% debt service coverage or (ii) If a prepayment is not selected, the Assigned Special Tax on the Parcel or Parcels subject to the Land Use Class change shall be increased proportionately until the Expected Revenues are sufficient to maintain the required 110% debt service coverage. Notwithstanding the foregoing, once an Assessor's Parcel is used for private residential purposes (as determined pursuant to

the Act), the Maximum Special Tax for the Assessor's Parcel cannot be increased because of future Land Use Class changes for other Assessor's Parcels.

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2022, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Subdivision Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Contingent Property, Tentative Map Property, and Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be \$14,386 per Acre in Fiscal Year 2021-2022.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing no earlier than Fiscal Year 2021-2022 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement, and shall levy the Special Tax until the amount of the Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Final Subdivision Property at a rate up to 100% of the greater of the applicable Assigned Special Tax or the applicable Backup Special Tax for Final Subdivision Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on all Tentative Map Property at a rate up to 100% of the Maximum Special Tax for Tentative Map Property.

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

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

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property used for private residential purposes (as determined pursuant to the Act) in any Fiscal Year be increased as a consequence of the delinquency or default in the payment of the Special Tax by the owner or owners of any other Taxable Property by more than ten percent above the amount that would have been levied against such Assessor's Parcel in such Fiscal Year had there been no delinquencies or defaults.

E. EXEMPTIONS

1. No Special Tax shall be levied on up to 71.08 Acres of Non-Residential Property, Open Space Property, Property Owner Association Property, and Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property.
2. For the following property types in excess of the 71.08 Acres exempted above, Non-Residential Property, Open Space Property, Property Owner Association Property, or Public Property that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Contingent Property. Taxable Contingent Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Contingent Property.
3. No Special Tax shall be levied on Welfare Exempt Property. If a Parcel is no longer eligible to be classified as Welfare Exempt Property 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. Any property that is granted a welfare exemption when any Bonds are outstanding and was subject to the Special Tax prior to receiving the welfare exemption shall not be considered Welfare Exempt Property.
4. The Special Tax for any Developed Property, which would change classification to Public Property upon its transfer or dedication to a public agency, shall continue to be subject to the levy of the Special Tax as Developed Property.
5. 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 E.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.
6. If an Assessor's Parcel designated as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property changes to Non-Residential Property, the Special Tax shall continue to be levied on such Non-Residential Property as if the Assessor's Parcel was still classified as Low-Density Residential Property, Medium-Density Residential Property, High-Density Residential Property, or Mixed-Use Residential Property.

F. SPECIAL TAX APPEALS

Any property owner may file a written appeal of the Special Tax with the CFD 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 Tax that is disputed, and the appellant must be current in all payments of the Special Tax. In addition, during the term of the appeal process, any Special Tax 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 amount of the Special Tax is not correct. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the Council requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for the prior years' Special Tax, but an adjustment shall be made to credit future Special Tax levies.

G. INTERPRETATIONS

The City may, by resolution or ordinance, interpret, clarify and/or revise this RMA to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Tax, method of apportionment, classification of Parcels, or any definition used herein, as long as such correction does not materially affect the levy and collection of the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion.

H. 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 the CFD Administrator may, at the sole discretion of the City, directly bill the Special Tax, may collect the Special Tax 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 the Special Tax.

I. PREPAYMENT OF SPECIAL TAX OBLIGATION

The following definitions apply to this Section I:

"CFD Public Facilities" means those public facilities authorized to be financed by Improvement Area No. 3.

"CFD Public Facilities Costs" means either \$10,862,831 in costs for completed facilities/land dedications in 2021 dollars; plus \$34,890,585 in costs for pending facilities/land dedications in 2021 dollars, which shall increase by the Construction Cost Index on July 1, 2022, and on each July 1 thereafter, or such lower number as shall be determined either by (a) the CFD Administrator as

sufficient to finance the CFD Public Facilities, or (b) the Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this RMA.

“Construction Cost Index” means the annual percentage change in the Engineering News-Record Construction Cost Index for the City of San Francisco, measured as of June in the previous Fiscal Year. In the event this index ceases to be published, the Construction Cost Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of San Francisco.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct the CFD Public Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus the portion of the CFD Public Facilities Costs previously funded from (a) proceeds of all previously issued Bonds, (b) interest earnings on the Construction Fund actually earned prior to the date of prepayment and (c) proceeds of the Special Tax dedicated to Pay-As-You-Go Expenditures. In no case, shall the Future Facilities Costs be less than zero.

“Outstanding Bonds” means all previously issued Bonds which will remain outstanding after the first principal payment date following the then current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax obligations.

1. Prepayment in Full

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

Bond Redemption Amount		
	plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Defeasance Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	<u>less</u>	<u>Capitalized Interest Credit</u>
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step Number:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property other than Non-Residential Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Subdivision Property, Tentative Map Property, and Undeveloped Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the number of Expected Units to be developed on that Assessor's Parcel.
3.
 - a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for Improvement Area No. 3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 3, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.
 - b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for Improvement Area No. 3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all Expected Units through buildout of Improvement Area No. 3, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.1.
4. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the total Future Facilities Costs to compute the amount of the Future Facilities Amount to be retired and prepaid (the "*Future Facilities Amount*").
7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount on the earliest redemption date for the Outstanding Bonds.
9. Compute the amount the Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
10. Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to

Step 8 (the “*Defeasance Amount*”).

11. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “*Administrative Fees and Expenses*”).
12. A reserve fund credit (the “*Reserve Fund Credit*”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), 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) 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.
13. 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 larger quotient computed pursuant to Steps 3.a or 3.b by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “*Capitalized Interest Credit*”).
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10 and 11, less the amount computed pursuant to Steps 12 and 13 (the “*Prepayment Amount*”).
15. From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, 10, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds and make debt service payments. The amount computed pursuant to Step 6 shall be deposited into the Construction Fund. The amount computed pursuant to Step 11 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment amount that is not \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

Any current-year Special Tax that has been placed on the County tax roll will remain on the tax roll.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of the Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond Year.

2. Prepayment in Part

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Subdivision Property, Tentative Map Property, or Undeveloped Property for which a building permit has been issued may be partially prepaid in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1.

A partial prepayment can only occur once per Assessor's Parcel. The amount of the prepayment shall be calculated as in Section I.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 I.1

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

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

The owner of an Assessor's Parcel who desires to partially prepay the Special Tax obligation shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax obligation, (ii) the amount of partial prepayment expressed in increments of 25%, 50%, or 75% of the Prepayment Amount calculated according to Section I.1, minus Administrative Fees and Expenses calculated according to Section I.1, and (iii) the company or agency that will be acting as the escrow agent, if applicable. Partial prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such partial prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the funds remitted to it according to Step 15 of Section I.1, and (ii) indicate in the records of Improvement Area No. 3 that there has been a partial prepayment of the Special Tax obligation and that a portion of the Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed partial prepayment is at least 1.1 times the annual debt service on all Outstanding Bonds in each succeeding Bond year.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied commencing in Fiscal Year 2021-2022 to the extent necessary to fully satisfy the Special Tax Requirement and shall not be levied after the 2065-2066 Fiscal Year.

EXHIBIT 1

**EXPECTED UNITS/REVENUE PER VILLAGE FOR DEVELOPED PROPERTY
(FISCAL YEAR 2021-22)**

Land Use Class	Village ¹	Expected Units ²	Expected Revenue ³
1	LDR-3	41	\$83,107
1	LDR-4	51	103,377
1	LDR-5	79	160,133
1	LDR-6	34	68,918
1	LDR-7	50	101,350
1	LDR-8	41	83,107
1	LDR-9	21	42,567
1	LDR-10	44	89,188
1	LDR-11	36	72,972
2	MDR-3	107	168,846
2	MDR-4	111	175,158
2	MDR-10	101	159,378
2	MDR-11	108	170,424
2	MDR-12	66	104,148
2	MDR-13	60	94,680
2	MDR-14	86	135,708
2	MDR-15	100	157,800

Land Use Class	Village ¹	Expected Units ²	Expected Revenue ³
2	MDR-16	26	41,028
2	MDR-17	165	260,370
2	MDR-18	119	187,782
2	MDR-19	129	203,562
3	HDR-2	175	43,750
3	HDR-3	123	30,750
3	HDR-4	84	21,000
3	HDR-10 N	103	25,750
3	HDR-11	121	30,250

¹ As shown on Exhibit 2 to this RMA.

² There is a total of 2,181 Expected Units within Improvement Area No. 3.

³ The total Expected Revenue within Improvement Area No. 3 is \$2,815,103, stated in Fiscal Year 2021-2022 dollars. On each July 1, commencing on July 1, 2022, the Expected Revenue shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

EXHIBIT 2

MAP OF VILLAGES WITHIN IMPROVEMENT AREA NO. 3

Exhibit 2

