

EXHIBIT B

**IMPROVEMENT AREA NO. 2 OF THE
COUNTY OF PLACER
COMMUNITY FACILITIES DISTRICT NO. 2017-1
(RIOLO VINEYARD SPECIFIC PLAN)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor’s Parcel in in Improvement Area No. 2 of the County of Placer Community Facilities District No. 2017-1 (Riolo Vineyard Specific Plan) shall be levied and collected according to the tax liability determined by the County or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in Improvement Area No. 2, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 2.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded at the County Recorder’s Office.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Part 1, Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the County in carrying out its duties with respect to Improvement Area No. 2, the CFD, and the Bonds, including, but not limited to, the levy and collection of Special Taxes, the fees and expenses of its legal counsel, charges levied in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Taxes, costs associated with a letter of credit or other credit enhancement, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs of the dissemination agent for the County and any party that has undertaken to provide continuing disclosure, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with continuing disclosure requirements with respect to the Bonds and the Special Taxes, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the County in any way related to the establishment or administration of Improvement Area No. 2 and the CFD.

“Administrator” means the person or firm designated by the County to administer the Special Taxes according to this RMA.

“Airspace Parcel” means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land Parcel.

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

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

“Authorized Facilities” means the public facilities authorized to be financed, in whole or in part, by the CFD.

“Authorized Services” means the public services authorized to be financed, in whole or in part, by the CFD as set forth in the documents adopted by the Board at CFD Formation, as may be amended from time to time.

“Average Sales Price” means, for any Special Tax Category, the weighted average sales price for all Residential Units within such Special Tax Category that have sold within the last 18 months or are expected to sell in a normal marketing environment, and shall not include prices for such Residential Units that are sold at a discount for the purpose of stimulating initial sales activity. The sales price shall include the actual sales price of the Residential Units that have sold in the past 18 months including, but not limited to, options, upgrades, and premiums.

“Board” means the Board of Supervisors of the County.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, secured by the Facilities Special Tax and issued or assumed by the CFD to fund Authorized Facilities.

“Building Permit” means a single permit or set of permits required to construct a residential or mixed-use structure. If a permit is issued for a foundation, parking, landscaping or other related facility or amenity, but a building permit has not yet been issued for the structure served by these facilities or amenities, such permit shall not be considered a “Building Permit” for purposes of application of the Special Taxes herein.

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

“CFD” means the County of Placer Community Facilities District No. 2017-1 (Riolo Vineyard Specific Plan).

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

“**County**” means the County of Placer.

“**Developed Property**” means, in any Fiscal Year, all Parcels of Taxable Property, excluding Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property, for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“**Development Class**” means, individually, Developed Property, Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property.

“**Expected Land Uses**” means the number of SFD Lots, the number of Residential Units within each Special Tax Category, and the Acreage of Other Property expected within Improvement Area No. 2. The Expected Land Uses at the time of the IA No. 2 Lien Date are identified in Attachments 1 and 2 and may be revised pursuant to Section D below.

“**Expected Maximum Facilities Special Tax Revenues**” means the aggregate Facilities Special Tax that can be levied based on application of the Target Special Tax to the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues as of the IA No. 2 Lien Date are shown in Attachment 2 of this RMA; such amount may be adjusted pursuant to Section D below or if Parcels within Improvement Area No. 2 prepay a portion of the Facilities Special Tax obligation.

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

“**Facilities Special Tax Requirement**” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds, (iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Facilities, so long as such levy under this clause (vi) does not increase the Facilities Special Tax levied on Undeveloped Property. The amounts referred to in clauses (i) and (ii) above may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Indenture; (b) in the sole and absolute discretion of the County, proceeds received by the CFD from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the discretion of the Administrator.

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

“First Bond Sale” means issuance of the first series of Bonds secured, in whole or in part, by Facilities Special Taxes levied and collected from Parcels in Improvement Area No. 2.

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

“IA No. 2 Lien Date” means the date that the Notice of Special Tax Lien affecting the Parcels in Improvement Area No. 2 was recorded in the official records of Placer County.

“Improvement Area No. 2” means Improvement Area No. 2 of the CFD.

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds which are available to acquire or construct Authorized Facilities.

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

“Land Use Change” means a change to the Expected Land Uses within Improvement Area No. 2 after the IA No. 2 Lien Date.

“Major Property Owner” means, in any Fiscal Year, any owner of property within Improvement Area No. 2 that is responsible for fifty percent (50%) or more of the total Special Tax obligation within Improvement Area No. 2 in that Fiscal Year, as determined by the Administrator.

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

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

“Maximum Special Taxes” means the Maximum Facilities Special Tax and Maximum Services Special Tax.

“Other Property” means, in any Fiscal Year, all Parcels of Developed Property within Improvement Area No. 2 that are not Single Family Attached Property or Single Family Detached Property.

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within Improvement Area No. 2.

“Owners Association Property” means any property within the boundaries of Improvement Area No. 2 that is owned in fee or by easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Price Point Consultant” means any consultant or firm selected by the County that: (a) has substantial experience in performing price point studies for Residential Units within community facilities districts or otherwise estimating or confirming pricing for Residential Units in community facilities districts; (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts; (c) is independent and not under the control of the County or any developer of Parcels in Improvement Area No. 2; (d) does not have any substantial interest, direct or indirect, with or in: (i) the CFD, (ii) the County, or (iii) any owner of real property in Improvement Area No. 2; and (e) is not connected with the County as an officer or employee thereof, but who may be regularly retained to make reports to the County.

“Price Point Study” means a price point study or letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section D herein. The price point study shall analyze Residential Units with similar density, lot sizes, square footage ranges, and product type as the Residential Units included in Improvement Area No. 2. Major Property Owners in Improvement Area No. 2 will be provided the opportunity to review and comment on the draft price point study before a final version is presented to the County.

“Proportionately” means, for each Development Class, that the ratio of the actual Special Taxes levied in any Fiscal Year to the Maximum Special Taxes authorized to be levied in that Fiscal Year is equal for all parcels assigned to the Development Class.

“Public Property” means any property within the boundaries of Improvement Area No. 2 that is owned by the federal government, State of California, County, or other local governments or public agencies.

“Remainder Special Taxes” means, as calculated between September 1st and December 31st of any Fiscal Year, any Facilities Special Tax revenues that were collected in the prior Fiscal Year and were not needed to: (i) pay debt service on the Bonds that was due in the calendar year in which the Remainder Special Taxes are being calculated; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; or (v) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the County prior to the receipt of additional Facilities Special Tax proceeds.

“Required Coverage” means the amount by which the Expected Maximum Facilities Special Tax Revenues must exceed the Bond debt service and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Unit” means (i) for Single Family Detached Property, an individual single-family detached unit, and (ii) for Single Family Attached Property, an individual residential unit within a duplex, triplex, fourplex, townhome, or condominium structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Residential Unit for purposes of this RMA.

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

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

“Services Special Tax Requirement” means the amount of revenue needed in any Fiscal Year to pay for: (i) Authorized Services, (ii) Administrative Expenses, and (iii) amounts needed to cure delinquencies in the payment of Services Special Taxes which have occurred in the prior Fiscal Year. In any Fiscal Year, the Services Special Tax Requirement shall be reduced by surplus amounts available (as determined by the County) from the levy of the Services Special Tax in prior Fiscal Years, including revenues from collection of delinquent Services Special Taxes and associated penalties and interest.

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

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

“Single Family Detached Property” means, in any Fiscal Year, all Parcels of Developed Property for which Building Permits were issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

“Special Taxes” means the Facilities Special Tax and Services Special Tax.

“Special Tax Category” means one of the eight categories of Developed Property set forth in Tables 1 and 2 in Section C below.

“Square Foot” or **“Square Footage”** means the square footage of living area of a Residential Unit as reflected on a Building Permit, condominium plan, certificate of occupancy, or other source available to the Administrator.

“Target Special Tax” means the Facilities Special Tax for each Special Tax Category, as set forth in Table 1 below, that was used to determine the Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 2.

“Taxable Owners Association Property” means, in any Fiscal Year after the First Bond Sale, any Parcel of Owners Association Property that satisfies all three of the following conditions: (i)

the Parcel had not been Owners Association Property on the date of the First Bond Sale, (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D below), the Parcel was not anticipated to be Owners Association Property based on the Expected Land Uses, as determined by the Administrator, and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it has become Owners Association Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

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

“Taxable Public Property” means in any Fiscal Year after the First Bond Sale, any Parcel of Public Property that satisfies all three of the following conditions: (i) the Parcel had not been Public Property on the date of the First Bond Sale, (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Sections D and G below), the Parcel was not anticipated to be Public Property based on the Expected Land Uses, as determined by the Administrator, and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it has become Public Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Taxable Welfare Exemption Property” means in any Fiscal Year after the First Bond Sale, any Parcel of Welfare Exemption Property that satisfies all three of the following conditions: (i) the Parcel had not been Welfare Exemption Property on the date of issuance of the First Bond Sale; (ii) based on reference to Attachments 1 and 2 (as may be updated pursuant to Section D herein), the Parcel was not anticipated to be Welfare Exemption Property based on the Expected Land Uses, as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it has become Welfare Exemption Property, the Expected Maximum Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

“Total Tax Burden” means, for any Special Tax Category, the Special Tax for such Special Tax Category, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, or any other taxes, fees and charges which would be collected by the County on property tax bills for a Residential Unit with an assessed value equal to the Average Sales Price, and which are payable from and secured by the property assuming such Residential Unit had been completed, sold, and subject to such levies and impositions, excluding service charges such as sewer and trash, and voluntary assessments such as those associated with a Property Assessed Clean Energy program.

“Transition Event” shall be deemed to have occurred when the Administrator determines that the following events have occurred: (i) all Bonds secured by the levy and collection of Facilities Special Taxes in the CFD have been fully repaid, (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the County, and (iii) there are no other Authorized Facilities that the County intends to fund with Bonds and Facilities Special Taxes.

“Transition Year” means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, or Taxable Public Property.

“Welfare Exemption Property” means, in any Fiscal Year, any Parcels in the CFD that have received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code and for which such welfare exemption is still in place.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAXES

Each Fiscal Year, the Administrator shall: (i) categorize each Parcel of Taxable Property as Developed Property, Undeveloped Property, Taxable Owners Association Property or Taxable Public Property, (ii) for Developed Property, categorize each Parcel as Single Family Attached Property, Single Family Detached Property, or Other Property, (iii) for Single Family Detached Property, assign each Residential Unit to the appropriate Special Tax Category, (iv) determine the Facilities Special Tax Requirement and the Services Special Tax Requirement for the Fiscal Year and (v) determine if the Transition Event occurred in the prior Fiscal Year. In addition, the Administrator shall, on an ongoing basis after the First Bond Sale, monitor Final Maps and track the Square Footage on all Building Permits that have been issued on Single Family Detached Property to determine if there are any Land Use Changes that would reduce the Expected Maximum Facilities Special Tax Revenues. If, after the First Bond Sale, the Expected Maximum Facilities Special Tax Revenues would be revised pursuant to a Land Use Change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 2 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAXES

1. *Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property*

a. Facilities Special Tax

Prior to the Transition Year, the Maximum Facilities Special Tax for Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property in Fiscal Year 2021-22 is \$10,122 per Acre. On July 1,

2022 and each July thereafter, the Maximum Facilities Special Tax on Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property shall be increased by an amount equal to 2.0% of the amount in effect in the prior Fiscal Year.

In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Undeveloped Property in Improvement Area No. 2, unless there are delinquent Facilities Special Taxes on a Parcel of Undeveloped Property, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

b. Services Special Tax

The Maximum Services Special Tax for Undeveloped Property, Taxable Owners Association Property, and Taxable Public Property in Fiscal Year 2021-22 is \$6,186.36 per Acre. On July 1, 2022 and each July thereafter, the Maximum Services Special Tax on Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property shall be increased by an amount equal to 4.0% of the amount in effect in the prior Fiscal Year.

2. *Developed Property*

a. Facilities Special Tax

The Maximum Facilities Special Tax for Parcels of Developed Property shall be the greater of (i) the Target Special Tax set forth in Table 1 below, or, (ii) the Maximum Facilities Special Tax determined pursuant to Section D.

Table 1
Improvement Area No. 2
Target Special Tax for Developed Property

Special Tax Category		Target Special Tax Before Transition Year (Fiscal Year 2021-22)*	Target Special Tax In and After Transition Year (Fiscal Year 2021-22)*
Single Family Detached Property	Residential Units Greater than 3,400 square feet	\$2,790.51 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units 3,101-3,400 square feet	\$2,642.22 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units 2,801-3,100 square feet	\$2,347.80 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units 2,501-2,800 square feet	\$2,298.00 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units 2,201-2,500 square feet	\$2,199.51 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units 1,900-2,200 square feet	\$2,052.29 per Residential Unit	\$0 per Residential Unit
Single Family Detached Property	Residential Units less than 1,900 square feet	\$1,855.29 per Residential Unit	\$0 per Residential Unit
Single Family Attached Property	All Residential Units	\$1,082.43 per Residential Unit	\$0 per Residential Unit
Other Property	All Acres	\$10,122 per Acre	\$0 per Acre

** On July 1, 2022 and on each July 1 thereafter, all dollar amounts shown in Table 1 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.*

Once a Facilities Special Tax has been levied on a Parcel of Developed Property, the Maximum Facilities Special Tax applicable to that Parcel shall not be reduced in future Fiscal Years regardless of changes in land use on the Parcel, except (i) in the event of a partial prepayment pursuant to Section H.

b. Services Special Tax

Table 2 below identifies the Maximum Services Special Tax for Developed Property in Improvement Area No. 2.

Table 2
Improvement Area No. 2
Maximum Services Special Tax for Developed Property

Special Tax Category		Maximum Services Special Tax Before Transition Year (Fiscal Year 2021-22)*	Maximum Services Special Tax In and After Transition Year (Fiscal Year 2021-22)*
Single Family Detached Property	Residential Units Greater than 3,400 square feet	\$1,291.53 per Residential Unit	\$2,046.08 per Residential Unit
Single Family Detached Property	Residential Units 3,101-3,400 square feet	\$1,224.85 per Residential Unit	\$1,938.45 per Residential Unit
Single Family Detached Property	Residential Units 2,801-3,100 square feet	\$1,091.48 per Residential Unit	\$1,725.54 per Residential Unit
Single Family Detached Property	Residential Units 2,501-2,800 square feet	\$1,069.25 per Residential Unit	\$1,690.44 per Residential Unit
Single Family Detached Property	Residential Units 2,201-2,500 square feet	\$1,024.79 per Residential Unit	\$1,619.08 per Residential Unit
Single Family Detached Property	Residential Units 1,900-2,200 square feet	\$956.95 per Residential Unit	\$1,511.46 per Residential Unit
Single Family Detached Property	Residential Units less than 1,900 square feet	\$868.04 per Residential Unit	\$1,368.73 per Residential Unit
Single Family Attached Property	All Residential Units	\$350.96 per Residential Unit	\$643.42 per Residential Unit
Other Property	All Acres	\$6,168.36 per Acre	\$6,168.36 per Acre

** On July 1, 2022 and on each July 1 thereafter, all dollar amounts shown in Table 2 above shall be increased by an amount equal to 4.0% of the amount in effect for the prior Fiscal Year.*

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. Land Use Changes

The Expected Maximum Facilities Special Tax Revenues shown in Attachment 2 were originally calculated based on the Expected Land Uses as of the IA No. 2 Lien Date. Attachment 2 is subject to modification upon the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Facilities Special Tax Revenues.

Prior to the First Bond Sale, if a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Facilities Special Tax Revenues, no action will be needed pursuant to this Section D. Upon approval of the Land Use Change, the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues.

After the First Bond Sale, if a Land Use Change is proposed or identified, Steps 1 through 3 must be applied:

- Step 1:** By reference to Attachment 2 (which shall be updated by the Administrator each time a Land Use Change has been processed according to this Section D), the Administrator shall identify the Expected Maximum Facilities Special Tax Revenues prior to the Land Use Change.
- Step 2:** The Administrator shall calculate the Expected Maximum Facilities Special Tax Revenues that could be collected from Taxable Property in Improvement Area No. 2 after the Land Use Change.
- Step 3:** If the revenues calculated in Step 2 are higher than that determined in Step 1, no further action is needed, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, no action will be needed if the reduction in Expected Maximum Facilities Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage. The Administrator shall update Attachment 2 to show the reduced Expected Maximum Facilities Special Tax Revenues.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the Administrator determines that the reduction in Expected Maximum Facilities Special Tax Revenues would reduce debt service coverage on outstanding Bonds below the Required Coverage, one of the following shall occur:

3.a. The landowner requesting the Land Use Change (the “Requesting Landowner”) may make a prepayment in an amount that will ensure that the reduced Expected Maximum Facilities Special Tax Revenues are sufficient to provide Required Coverage, as determined pursuant to Section H below. If the Requesting Landowner notifies the Administrator that he/she would like to remedy the reduction by making a prepayment, such prepayment must be made by the earlier of (i) 30 days from the date of delivery of the prepayment estimate or (ii) the date of issuance of any Building Permits for any Parcel owned by the Requesting Landowner that was Undeveloped Property at the time the Administrator prepared the prepayment estimate, **or**

3.b. If a prepayment is not received, the Administrator shall:

- i. Identify all remaining Parcels of Undeveloped Property in Improvement Area No. 2 owned by the Requesting Landowner for which Building Permits have not yet been issued (collectively, the “**Adjustment Property**”);

- ii. Determine the number of Residential Units within each Special Tax Category (and Acres of Other Property, if applicable) that are expected on the Adjustment Property after the Land Use Change;
- iii. Increase the Target Special Tax proportionately for each Special Tax Category applicable to property owned by the Requesting Landowner until, when applied to the Expected Land Uses on the Adjustment Property, the Maximum Facilities Special Tax revenues that can be collected within the CFD are sufficient to maintain Required Coverage. The amount calculated shall thereafter be the Maximum Facilities Special Tax for each Residential Unit (and Acre of Other Property, if applicable) when the Adjustment Property becomes Developed Property, which amount shall increase by 2.0% beginning the following July 1 and each July 1 thereafter. The Administrator shall update Attachment 2 to reflect the Expected Land Uses, Maximum Facilities Special Taxes, and Expected Maximum Facilities Special Tax Revenues for the Adjustment Property.

For purposes of this Step 3.b, a landowner may make a request to the County and the Administrator that the Adjustment Property include only particular Parcels that are under his/her ownership. If such a request is made, the Administrator will calculate the Maximum Facilities Special Taxes that would be on the identified Parcels, and the County shall review the Maximum Facilities Special Taxes to determine if the request should be approved based on existing County policies and special tax rates on comparable land uses within Improvement Area No. 2.

The duties imposed on the Administrator to review Land Use Changes and to make the calculations set forth above, are intended only to facilitate administration of the Facilities Special Tax and to better assure the sufficiency of tax capacity to pay debt service on Bonds. Such duties are not intended to give any developer, subdivider, or owner of property any right to receive notice of the potential impact of Land Use Changes on the Facilities Special Tax applicable to a Parcel; and **each developer, subdivider, or owner of property in the CFD shall be responsible for understanding the impact thereof on the Facilities Special Tax applicable to such property.**

Pursuant to this Section D, the Administrator may from time to time update Attachment 2 to reflect revised Expected Maximum Facilities Special Tax Revenues. Such update shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

2. Partial Prepayments

If a Parcel makes a partial prepayment pursuant to Section H herein, the Administrator shall recalculate the Maximum Facilities Special Tax for the Parcel pursuant to Section H. In addition, the Administrator shall update Attachment 2 to reflect the prepayment and the revised Expected Maximum Facilities Special Tax Revenues for Improvement Area No. 2. Such update shall be maintained internally by the Administrator and shall not require recordation of an amended RMA. After the prepayment has been received, the application of Sections D, E, and H

of this RMA shall be based on the adjusted Expected Maximum Facilities Special Tax Revenues after the prepayment.

3. *Conversion of a Parcel of Public Property to Private Use*

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Taxes for each such Parcel shall be determined based on the applicable Special Tax Category for the Parcel, as determined by the Administrator.

4. *Reduction in Maximum Facilities Special Tax*

The Target Facilities Special Taxes for Residential Units in Improvement Area No. 2 may be proportionately or disproportionately reduced once prior to the First Bond Sale. Such a reduction shall be made without a vote of the qualified CFD electors if either of the following occur: (i) a Major Property Owner within Improvement Area No. 2 requests a reduction in the Target Facilities Special Tax, or (ii) the County makes a determination that the Total Tax Burden on Residential Units may, without a reduction in the Target Facilities Special Tax, exceed a Total Tax Burden of 1.80% of the Average Sales Price for Residential Units.

Upon such determination by the County and prior to the First Bond Sale, the County shall hire a Price Point Consultant to prepare a Price Point Study setting forth the Average Sales Price for Residential Units within each Special Tax Category. If, based on the Price Point Study, the Administrator calculates that the Total Tax Burden for any Special Tax Category will exceed 1.80% of the Average Sales Price for such Special Tax Category, the Administrator and County shall meet with the Major Property Owners in Improvement Area No. 2 to discuss the findings. If the County determines that the Total Tax Burden is likely to exceed 1.80% of a particular Special Tax Category, the Administrator shall reduce the Target Facilities Special Tax on such Special Tax Category to the point at which the Total Tax Burden is equal to 1.80% of the Average Sales Price, unless such reduction is waived in writing by the County Executive Officer. Any such reduction shall occur at least 30 days prior to the First Bond Sale.

The Target Facilities Special Tax reduction in each Special Tax Category shall be calculated separately, and it is not required that such reduction, or any reduction requested by Major Property Owners in Improvement Area No. 2, be proportionate among Special Tax Categories. The Target Facilities Special Tax reductions permitted pursuant to this paragraph shall be reflected in an Amended Notice of Special Tax Lien, which the Administrator shall cause to be recorded. If, based on the Price Point Study, the Administrator determines that the Total Tax Burden applicable to a Special Tax Category will not exceed 1.80% of the Average Sales Price for such Special Tax Category, then there shall be no change in the Target Facilities Special Tax for such Special Tax Category unless so requested by the Major Property Owners within Improvement Area No. 2.

If the Target Facilities Special Tax is reduced for a Parcel in Improvement Area No. 2 pursuant to this Section D.5, the Maximum Services Special Tax for such Parcel shall also be reduced so that the Maximum Services Special Tax assigned to the Parcel is equal to fifty percent (50%) of the Target Facilities Special Tax for the Parcel.

E. METHOD OF LEVY OF THE SPECIAL TAXES

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement and levy the Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: In the first ten (10) Fiscal Years in which a Facilities Special Tax is levied within Improvement Area No. 2, the Maximum Facilities Special Tax shall be levied on all Parcels of Developed Property. Any Facilities Special Tax proceeds collected that are determined by the Administrator to be Remainder Special Taxes shall be deposited into the Improvement Fund to pay costs associated with the acquisition of Authorized Facilities that were not paid from Bond proceeds or Facilities Special Taxes levied in prior Fiscal Years.

Beginning in the eleventh (11th) Fiscal Year in which a Facilities Special Tax is levied within Improvement Area No. 2 and continuing until the Transition Year, the Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Developed Property until the amount levied is equal to the Facilities Special Tax Requirement.

Step 2: If additional revenue is needed after Step 1 and after applying Capitalized Interest to the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for Undeveloped Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 3: If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Taxable Welfare Exemption Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Taxable Welfare Exemption Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 4: If additional revenue is needed after Step 3, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Taxable Owners Association Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

Step 5: If additional revenue is needed after Step 4, the Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Facilities Special Tax for each Parcel of Taxable Public Property for such Fiscal Year until the amount levied is equal to the Facilities Special Tax Requirement.

2. *Services Special Tax*

Each Fiscal Year, the Administrator shall determine the Services Special Tax Requirement and levy the Services Special Tax on all Parcels of Taxable Property as follows:

- Step 1:** The Services Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Taxable Welfare Exemption Property, up to 100% of the Maximum Services Special Tax for each Parcel of Taxable Welfare Exemption Property for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.
- Step 4:** If additional revenue is needed after Step 3 in order to meet the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property, up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.
- Step 5:** If additional revenue is needed after Step 4 in order to meet the Services Special Tax Requirement, the Services Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Services Special Tax for each Parcel for such Fiscal Year until the amount levied is equal to the Services Special Tax Requirement.

F. MANNER OF COLLECTION OF SPECIAL TAXES

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

The Facilities Special Tax shall be levied and collected until the earlier of (i) the Transition Year, and (ii) Fiscal Year 2062-63. Under no circumstances may the Facilities Special Tax on a Parcel

in private residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. The Services Special Tax may be levied and collected for as long as the County provides Authorized Services.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied on Public Property or Welfare Exemption Property, except Taxable Public Property and Taxable Welfare Exemption Property. In addition, no Special Taxes shall be levied on Parcels that (i) are designated as permanent open space or common space on which no structure is permitted to be constructed, (ii) are owned by a public utility for an unmanned facility, or (iii) are subject to an easement that precludes any other use on the Parcels. Notwithstanding the foregoing, if a Maximum Facilities Special Tax was assigned to a Parcel, and the entire Parcel meets the criteria in (i), (ii) or (iii) above, the Parcel shall remain subject to the levy of the Facilities Special Tax, unless: (a) the First Bond Sale has yet to occur, or (ii) the Administrator determines that, if such Parcel becomes exempt from the Facilities Special Tax, the corresponding reduction in the Expected Maximum Facilities Special Tax Revenues would not reduce debt service coverage on outstanding Bonds below the Required Coverage. In either case, such property shall be categorized as Public Property, and the Administrator shall recalculate the Expected Maximum Facilities Special Tax Revenues to reflect the corresponding loss in revenues.

H. PARTIAL PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section H:

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

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

“Public Facilities Requirements” means \$6,025,000 or such other number as shall be determined by the County to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of Improvement Area No. 2.

“Remaining Facilities Costs” means the Public Facilities Requirements, minus public facility costs funded by Previously Issued Bonds, Facilities Special Taxes, or prior prepayments.

A property owner may prepay up to 75% of the Facilities Special Tax obligation applicable to a Parcel, thereby reducing the Maximum Facilities Special Tax applicable to the Parcel, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment. An owner of a Parcel intending to prepay a portion of the Facilities Special Tax obligation shall provide the County with (i) written notice of intent to prepay, which shall identify the percentage of the Maximum Facilities Special Tax that is to be prepaid, (ii) payment of fees established by the County to process the prepayment request, and (iii) written evidence that there are no delinquent Special Taxes against the Parcel. Within 30 days of receipt of such written notice, the County or its designee shall notify such owner of the prepayment amount for such Parcel. Prepayment must be made not less than 50 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Facilities Special Taxes. Under no circumstance shall a prepayment be allowed that would reduce debt service coverage below the Required Coverage.

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

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

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

- Step 1.** Determine the Maximum Facilities Special Tax for the Parcel based on Expected Land Uses for the Parcel at the time the prepayment is calculated or, in the event of a prepayment pursuant to Step 3.a. in Section D, compute the amount by which the proposed Land Use Change would reduce Expected Maximum Facilities Special Tax Revenues below the amount needed for Required Coverage and use this amount as the figure for purposes of this Step 1.
- Step 2.** Divide the Maximum Facilities Special Tax computed pursuant to Step 1 by the Expected Maximum Facilities Special Tax Revenues.
- Step 3.** Multiply the quotient computed in Step 2 by the percentage of the Maximum Facilities Special Tax that the property owner wants to prepay, which percentage shall not exceed 75%.

- Step 4.** Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “**Bond Redemption Amount**”).
- Step 5.** Compute the current Remaining Facilities Costs (if any).
- Step 6.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 5 to compute the amount of Remaining Facilities Costs to be prepaid (the “**Remaining Facilities Amount**”).
- Step 7.** Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium as shown in the Indenture, if any, on the Outstanding Bonds to be redeemed (the “**Redemption Premium**”).
- Step 8.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the last Bond interest payment date on which interest has been or will be paid by Facilities Special Taxes already levied until the earliest redemption date for the Outstanding Bonds. If Bonds are callable at, or prior to, the last Bond interest payment date on which interest has been or will be paid by Facilities Special Taxes already levied, Steps 8, 9 and 10 of this prepayment formula will not apply.
- Step 9.** Compute the amount of interest the County reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 10.** Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to Step 8 (the “**Defeasance Requirement**”).
- Step 11.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (the “**Administrative Fees and Expenses**”).
- Step 12.** If, at the time the prepayment is calculated, the reserve fund is greater than or equal to the reserve requirement, and to the extent so provided in the Indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “**Reserve Fund Credit**”).
- Step 13.** The Facilities 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 Step 12 (the “**Prepayment Amount**”).

Step 14. From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, and 10 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds (including the payment of any accrued interest). The amount computed pursuant to Step 6 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 11 shall be retained in the account or fund that is established to pay Administrative Expenses of the CFD.

Once a partial prepayment has been received, an Amendment to Notice of Facilities Special Tax Lien shall be recorded against the Parcel to reflect the reduced Facilities Special Tax lien for the Parcel, which shall be equal to the portion of the Maximum Facilities Special Tax that was not prepaid, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Facilities Special Tax Revenues. However, an Amendment to Notice of Facilities Special Tax Lien shall not be recorded until all Special Taxes levied on the Parcel in the current or prior Fiscal Years have been collected.

Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Special Tax revenue that could be collected from Taxable Property that remains subject to the Special Tax after the proposed prepayment is less than the Required Coverage on Bonds that would remain outstanding after defeasance or redemption of Bonds from proceeds of the estimated prepayment, the amount of the prepayment shall be increased until the amount of Bonds defeased or redeemed is sufficient to reduce remaining annual debt service to a point at which Required Coverage is maintained.

I. INTERPRETATION OF SPECIAL TAX FORMULA

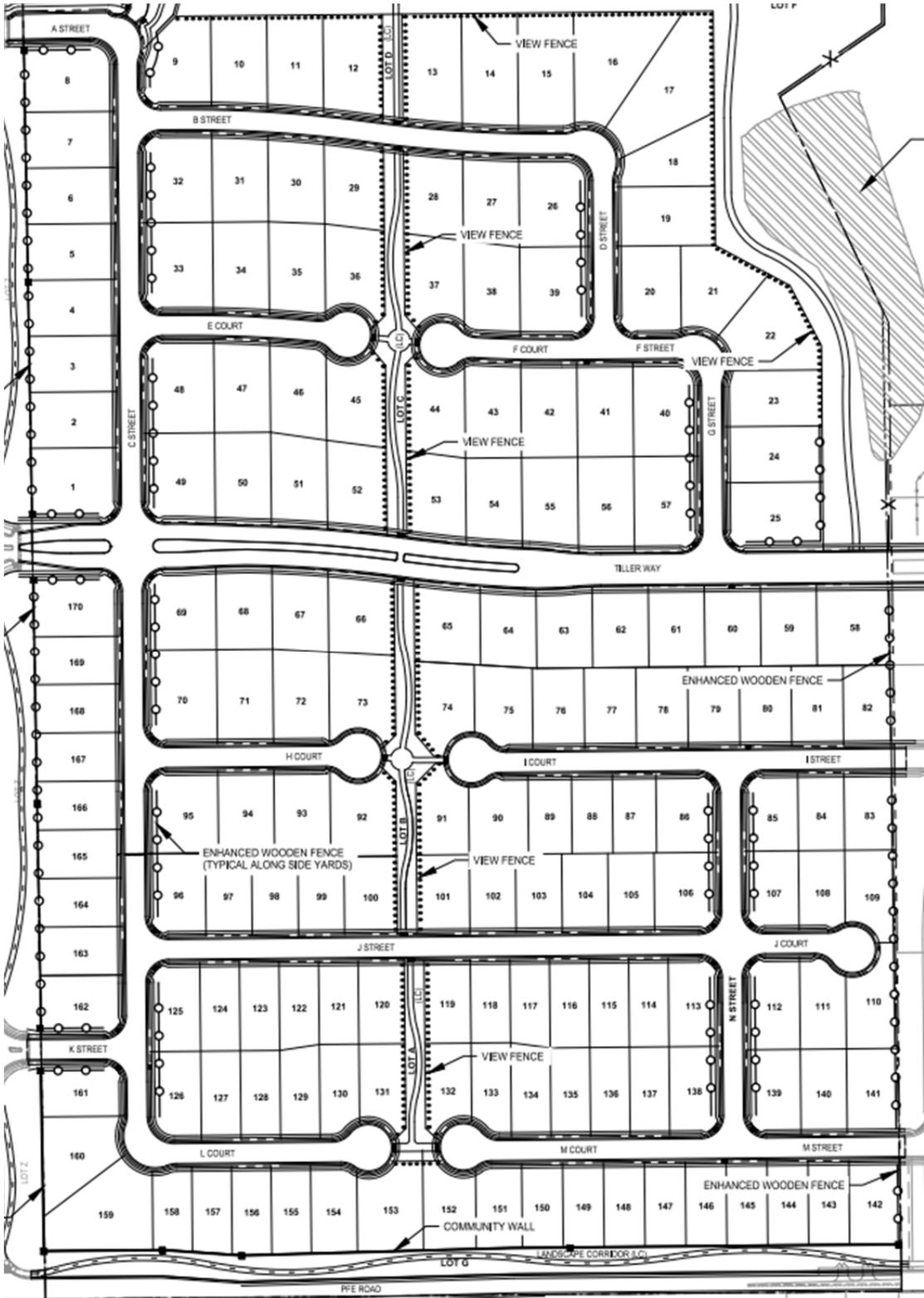
The County reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the County's discretion.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

ATTACHMENT 1

**Improvement Area No. 2 of the
County of Placer
Community Facilities District No. 2017-1
(Riolo Vineyard Specific Plan)**

**Improvement Area No. 2
Expected Lot Layout**

**ATTACHMENT 1
MASON TRAILS
EXPECTED LOT LAYOUT – 170 TOTAL LOTS**



ATTACHMENT 2

**Improvement Area No. 2 of the
County of Placer
Community Facilities District No. 2017-1
(Riolo Vineyard Specific Plan)**

Expected Land Uses and Expected Maximum Facilities Special Tax Revenues

Special Tax Category	Expected # of Residential Units or Acres of Other Property	Target Special Tax (FY 2021-22) *	Expected Maximum Facilities Special Tax Revenues (FY 2021-22) *
<i>Single Family Detached Property:</i>			
Units greater than 3,400 Square Feet	0 Residential Units	\$2,790.51/Res. Unit	\$0
Units 3,101 – 3,400 Square Feet	0 Residential Units	\$2,642.22/Res. Unit	\$0
Units 2,801 – 3,100 Square Feet	20 Residential Units	\$2,347.80/Res. Unit	\$46,956
Units 2,501 – 2,800 Square Feet	20 Residential Units	\$2,298.00/Res. Unit	\$45,960
Units 2,201 – 2,500 Square Feet	56 Residential Units	\$2,199.51/Res. Unit	\$123,173
Units 1,900 – 2,200 Square Feet	37 Residential Units	\$2,052.29/Res. Unit	\$75,935
Units less than 1,900 Square Feet	37 Residential Units	\$1,855.29/Res. Unit	\$68,646
<i>Single Family Attached Property</i>	0 Residential Units	\$1,082.43/Res. Unit	\$0
<i>Other Property</i>	0 Acres	\$10,122/Acre	\$0
Total	170 Residential Units		\$360,669

** On July 1, 2022 and on each July 1 thereafter, all dollar amounts shown above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.*