

EXHIBIT A

COUNTY OF SACRAMENTO LAGUNA CREEK RANCH/ELLIOTT RANCH COMMUNITY FACILITIES DISTRICT NO. 1

Improvement Area 1 - Laguna Creek Ranch

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax under the Mello-Roos Community Facilities Act of 1982 applicable to the land in Improvement Area 1 of the Laguna Creek Ranch/Elliott Ranch Community Facilities District of the County of Sacramento shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"**Annual Costs**" means for each Fiscal Year or Bond Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or Bond Year; and 4) pay-as-you-go expenditures for authorized improvements; less any amounts paid to the CFD from development fees, reimbursements, penalties from delinquent Special Taxes, and/or prepaid Special Taxes.

"**Administrative Expenses**" means the costs incurred by the County to determine, levy and collect the Special Taxes, including salaries of County employees and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer the CFD as determined by the Public Works Administrator of Sacramento County.

"**Annual Tax Revenues**" means the amount of Special Taxes required each Fiscal Year or Bond Year to pay the Annual Costs.

"Board" means the Board of Supervisors of the County as the legislative body for the CFD under the Act.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the Laguna Creek Ranch/Elliott Ranch Community Facilities District No. 1 of the County of Sacramento.

"County" means the County of Sacramento, California.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest for any bonds of the County for the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources and less any capitalized interest and other funds available to the County to pay principal and interest for the previous Fiscal Year.

"Elliott Ranch" means Improvement Area 2 of the CFD. Each improvement area has separate bond authorization and Maximum Special Tax liability.

"Final Map or Parcel Map" means a map submitted to the County creating Parcels that designate public use dedications including streets, roads, parks, wetlands, landscaping, etc.

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

"Gross Acreage" means the acreage of a parcel prior to dedication of right of way for streets, roads, landscaping, and other public purposes.

"Laguna Creek Ranch" means Improvement Area 1 of the CFD. Each improvement area has separate bond authorization and Maximum Special Tax liability.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel in any Fiscal Year. Each time a Parcel is subdivided, the Maximum Special Tax will be reassigned to the Successor Parcels.

"Net Acre(age)" means the acreage of a Parcel as shown on the Final Map or Parcel Map excluding the right-of-way dedicated for streets, roads, landscaping and other public purposes.

"Original Mapped Single-Family Lot" means a Single-Family Residential Lot in Special Tax Area 1 that was created by final subdivision map recordation prior to July 1, 1997.

"Original Parcel" means a Parcel as identified by Assessor's Parcel Number on Attachment 1..

"Parcel" means any County Assessor's parcel in Laguna Creek Ranch based on the equalized tax rolls of Sacramento County as of the end of the previous Fiscal Year.

"Parent Parcel" means the Original or Successor Parcel from which one or more Successor Parcels or Successor Mapped Single-Family Lots are created.

"Public Parcel" means any Parcel that is, or is intended to be, publicly owned which is normally tax-exempt under California law, including public streets, schools, parks, drainageways, landscaping, green-belts, and open space and is exempt from Special Taxes as described below.

"PWA" means Public Works Administrator of Sacramento County or his or her designee.

"Single Family Residential Lot" means a lot created by a record subdivision map that is intended to be developed with a detached individual dwelling unit, an attached halfplex dwelling unit, or two duplex dwelling units.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Special Tax Areas" means the six geographic areas of Laguna Creek Ranch established at the time of formation of the CFD to define areas with different Special Tax assignments. The Special Tax Areas within Improvement Area 1 are shown on **Attachment 3** and described in **Attachment 4**.

"Successor Mapped Single-Family Lot" means a Single-Family Residential Lot in Special Tax Area 1 that was created by final subdivision map recordation on or after to July 1, 1997. The Maximum Special Tax for a Successor Mapped Single-Family Lot in Special Tax Area 1 can be determined pursuant to Section 5.B. below. The Maximum Special Tax for a Successor Mapped Single-Family Lot in Special Tax Areas 2, 3, 4, 5, or 6 can be determined pursuant to Section 5.D. below.

"Successor Parcel" means a Parcel created by subdivision, lot line adjustment or Parcel Map from an Original Parcel or from a previous Successor Parcel.

"Tax Collection Schedule" means the document prepared by the County for the County Auditor to use in collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not exempt from Special Taxes as defined below.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) a Parcel that was a Public Parcel at the formation of the CFD, (ii) any Parcel that has prepaid its Special Taxes under Section 7 hereof, and (iii) any parcel designated as a lake or wetlands, as determined by the PWA. A Successor Parcel that is acquired by a public agency after the formation of the CFD shall be classified as a Tax-Exempt Parcel if the Special Tax obligation associated with the Parent Parcel is fully allocated to that Parent Parcel's other Successor Parcels, as described in Section 5.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The records of the County Assessor shall be used to determine the Parcels subject to the Special Tax. The basis for determining the Parcels will be the equalized property tax roll.

The Special Tax shall be levied on the owner of record on the County Assessor's records as of June 1 of each Fiscal Year based on the land use classification and Maximum Special Tax assigned to each Parcel by the PWA for each year.

The PWA shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and any other County records. The PWA shall identify the Taxable Parcels from a list of all Parcels within the CFD using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.
- 2) Exclude the 1.41 Net Acre Parcel (APN 119-110-015) located adjacent to the Laguna Town Center Park and initially designated as "Daycare Center" in the Laguna Creek Unit No. 4 tentative subdivision map. If used for other commercial or residential purposes, this parcel will no longer be a Tax-Exempt Parcel and will be assigned a Maximum Special Tax obligation of \$7,677.
- 3) Exclude all Parcels that have satisfied their Special Tax obligation through the provisions of Section 7.
- 4) The remaining Parcels are subject to the Special Tax.

It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities, the costs and incidental expenses of services, the construction of the authorized facilities, and any authorized pay-as-you-go expenditures. Parcels may satisfy their Special Tax requirement and have the lien canceled by prepaying the Special Tax obligation as described in **Section 7**.

When all of the expenses incurred by the CFD in order to construct the authorized facilities, and to retire any debt incurred in this construction, have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Clerk to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien, recorded on the County Recorder's rolls, is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. ASSIGNMENT OF MAXIMUM SPECIAL TAX

Laguna Creek Ranch is divided into six Special Tax Areas as shown in **Attachment 3** and described in **Attachment 4**. A Maximum Special Tax is assigned to each Parcel in Laguna Creek Ranch based on the Special Tax Area in which the Parcel is located and classification of the Parcel as an Original Parcel, Successor Parcel, Original Mapped Single-Family Lot or Successor Mapped Single-Family Lot. Once such delineation is made, the PWA will determine the Maximum Special Tax as follows:

A. Original Parcels and Original Mapped Single Family Lots

Each Original Parcel in Laguna Creek Ranch will be assigned the Maximum Special Tax shown for the Parcel in **Attachment 1**.

Each Original Mapped Single Family Lot in Laguna Creek Ranch will be assigned the Maximum Special Tax shown in **Attachment 2** based on the size of the lot.

B. Successor Mapped Single Family Lots in Special Tax Area 1

The following steps shall apply only to Taxable Parcels as defined in Section 2.

Step B.1. Assign each Successor Mapped Single-Family Lot the appropriate Maximum Special Tax as shown on **Attachment 2** based on the square footage of the lot. Sum the Maximum Special Taxes assigned to all Successor Mapped Single-Family Lots created by the subdivision and compare this sum to the assigned Maximum Special Tax of the Parent Parcel(s) that were subdivided to create the new lots.

Step B.2. If the total Maximum Special Tax calculated in Step B.1. is greater than the Maximum Special Tax assigned to the Parent Parcel(s), reduce Maximum Special Tax for all lots in the subdivision in equal percentages until the sum of the Maximum Special Taxes equals the Maximum Special Tax assigned to the Parent Parcel(s). The Maximum Special Tax for each Successor Mapped Single-Family Lot in the subdivision shall be set at this adjusted amount.

Step B.3. If the total Maximum Special Tax calculated in Step B.1. is less than the Maximum Special Tax assigned to the Parent Parcel(s), increase the Maximum Special Tax for all lots in the subdivision in equal percentages until the sum of the Maximum Special Taxes equals the Maximum Special Tax assigned to the Parent Parcel(s). The Maximum Special Tax for each Successor Mapped Single-Family Lot in the subdivision shall be set at this adjusted amount.

C. Residential Condominium Parcels

Divide the Maximum Special Tax assigned to the Parent Parcel(s) by the number of residential units in the condominium subdivision to determine the Maximum Special Tax for each condominium unit.

D. All Other Successor Parcels and Successor Mapped Single Family Lots

The following steps shall apply only to Taxable Parcels as defined in **Section 2**.

- Step D.1. For each Successor Parcel or Successor Mapped Single-Family Lot, divide the Parcel's acreage by the acreage of all taxable Successor Parcels and Successor Mapped Single Family Lots created from the Parent Parcel(s) in that subdivision to determine a percentage.
- Step D.2. Multiply the percentage calculated in Step D.1. by the Maximum Special Tax assigned to the Parent Parcel(s) to determine the new Maximum Special Tax for the Successor Parcel or Successor Mapped Single-Family Lot. The sum of the Maximum Special Taxes for all new taxable Successor Parcels and Successor Mapped Single Family Lots should equal the Maximum Special Tax for the Parent Parcel(s) created by the subdivision.

E. Allowable Transfer of Special Tax

In the event that an Original or Successor parcel, through a loss of developable land, will have a higher Special Tax per acre of developable land than other Taxable parcels in the Special Tax Area, the revised Maximum Special Tax may be adjusted further by shifting the tax to other Taxable Parcels in that Special Tax Area subject to the following provisions:

- (i) any decrease in one Taxable Parcel's Maximum Special Tax is offset by an equal increase in the Maximum Special Tax of another Taxable Parcel or Parcels to ensure that there is no net loss in total Maximum Annual Special Taxes;
- (ii) all adjustments are agreed to by the affected property owners and the PWA and comply with the requirements of the Act; and,
- (iii) none of the transferred Special Taxes will be spread to Tax-Exempt Parcels.

Notwithstanding the above, once a Maximum Special Tax has been levied on and collected from a Successor Parcel that cannot be further subdivided and is used for residential purposes, the Maximum Special Tax shall not be increased nor decreased in future Fiscal Years.

F. Taxable Parcels Acquired by a Public Agency

Original Parcels or Taxable Successor Parcels that are acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if the public use planned for a Public Parcel within the CFD is relocated to a Taxable Parcel and the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in the total Maximum Special Tax that can be collected within Laguna Creek Ranch.

G. Conversion of a Tax-Exempt Parcel to a Taxable Parcel.

If a Parcel designated as a Tax-Exempt Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Parcel will be assigned a Maximum Special Tax consistent with its Net Acreage and location in its Special Tax Area.

6. **SETTING THE ANNUAL SPECIAL TAX RATE**

The Special Tax levy for each Parcel will be established annually. A separate calculation for each Special Tax Area to determine the tax levy for Parcels within the Special Tax Area will be completed as follows:

- 1) For Tax-Exempt Parcels, no Special Tax shall be apportioned or levied, except as noted in Section 3, step (1) above.
- 2) Identify the Taxable Parcels in each Special Tax Area and compute the Maximum Special Tax for each area using the amounts shown on **Attachment 1** and **Attachment 2** per the instructions in Section 5, above.
- 3) For each Special Tax Area, compute the total Maximum Special Tax revenue by summing the Maximum Special Tax computed for each Parcel in Step 2 above.
- 4) Compute the Annual Costs using the definitions above and assign a portion of these Annual Costs to each Special Tax Area based on the percentage share for each area as given in **Attachment 1**.
- 5) Compare the Annual Costs with the Maximum Special Tax Revenue from Step 3 above for each Special Tax Area.
 - (a) If the Annual Costs are less than the Maximum Special Tax revenue for an area, decrease the Special Tax proportionately for each Parcel until the Special Tax revenue equals the Annual Costs assigned to the Special Tax Area.
 - (b) If the Annual Costs are greater than the Special Tax revenue in any given Special Tax Area, increase the Special Taxes for all Parcels in the other Special Tax Areas proportionately until the Maximum Special Tax revenue equals the Annual Costs or until the Maximum Special Tax is reached in each Special Tax Area.
- 6) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The County shall make every effort to correctly calculate the annual tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

As development and subdivision of Laguna Creek Ranch Parcels takes place, the PWA will maintain a file of each current assessor's Parcel number within the Laguna Creek Ranch, its Maximum Special Tax, and the aggregate Maximum Special Tax on all Parcels within Laguna Creek Ranch and each of its six Special Tax Areas available for public inspection. This record shall show the Maximum Special Tax on all Original Parcels, Successor Parcels, Original Mapped Single-Family Lots, and Successor Mapped Single-Family Lots. It will include a brief description of the process of allocating the Special Tax each time a subdivision creates Successor Parcels, including any adjustments pursuant to the procedures set forth in Sections 3, 4, or 5.

7. PREPAYMENT OF SPECIAL TAX

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Sections 53321 and 53344. Prepayment is permitted only under the following conditions:

- The County determines that the prepayment of the special tax obligation does not jeopardize its ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent special taxes and penalties prior to prepayment.

The prepayment amount shall be established by the following calculation:

- Step 1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 5 above.
- Step 2: Determine the "Benefit Share" by dividing the Maximum Facilities Tax determined in Step 1 by the total Maximum CFD Revenue for all Parcels in the CFD.
- Step 3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step 2 by the total amount of outstanding bonds issued by the CFD for Laguna Creek Ranch. The amount of outstanding bonds shall be reduced by the bond principal that will be retired in an upcoming Bond Year if Special Taxes have already been levied to pay Debt Service for that Bond Year.
- Step 4: Determine the Reserve Fund Share associated with the Bond Share determined in Step 3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share.

- Step 5: Determine the total prepayment amount required by adding to the Bond Share amount calculated in Step 4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the County in connection with the prepayment calculation or the application of the proceeds of the prepayment. If Special Taxes have already been levied, but not collected, at the time the prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

8. ADMINISTRATIVE CHANGES

The PWA or designee has authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer that feels that the amount of the Special Tax is in error may file a notice with the appealing the levy of the Special Tax. The County Public Works Administrator will then promptly review the appeal, and if necessary, meet with the applicant. If the findings of the County Public Works Administrator verify that the tax should be modified or changed, a recommendation at that time will be made to the Board of Supervisors and, as appropriate, the special tax levy shall be corrected in a manner determined by the PWA.

Interpretations may be made by resolution of the Board of Supervisors for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

**Attachment 1
Laguna West
Maximum Special Taxes by
Special Tax Area**

Special Tax Area	Assessor's Parcel No.	Maximum Special Tax	Share of Annual Costs
1	<i>Original Mapped Single-Family Lots</i>	<i>\$1,116,114 (see Attachment 2)</i>	
	119-1110-065	\$22,061	
	119-1110-066	\$22,061	
	119-1110-005	\$24,408	
	119-1110-007	\$41,939	
	119-1110-042	\$4,554	
	119-1110-082	\$92,004	
	119-1110-087	\$454,816	
	119-1110-089	\$17,941	
	119-1110-090	\$17,941	
	119-1110-009	\$4,098	
	119-1110-014	\$4,098	
	119-1110-021	\$24,408	
	119-1110-071	\$1,503	
	119-1110-078	\$14,162	
	119-1110-079	\$27,823	
	119-1110-091	\$0	
	Subtotal Tax Area 1	\$1,889,931	65.53%
2	119-1220-011	\$975	
	119-1220-021	\$1,014	
	119-1220-030	\$1,063	
	119-1230-011	\$975	
	119-1230-020	\$985	
	119-1230-029	\$995	
	119-1340-017	\$917	
	119-1340-023	\$1,043	
	119-1340-030	\$1,014	
	Subtotal Tax Area 2	\$8,981	0.31%
3	119-0120-037	\$22,942	
	119-0120-038	\$24,112	
	119-0120-039	\$24,112	
	119-0120-040	\$23,826	
	119-0120-041	\$23,855	
	119-0120-042	\$24,083	
	119-0120-043	\$26,337	
	119-0120-048	\$26,908	
	119-0120-052	\$28,278	
	119-0120-053	\$2,483	
	119-0120-066	\$17,520	
	119-0120-075	\$57,069	
	119-0230-078	\$9,978	
	119-0230-079	\$2,540	
	119-0230-080	\$1,569	

**Attachment 1
Laguna West
Maximum Special Taxes by
Special Tax Area**

Special Tax Area	Assessor's Parcel No.	Maximum Special Tax	Share of Annual Costs
3	119-0230-081	\$4,366	
	119-0230-082	\$93,486	
	119-1540-001	\$7,704	
	119-1540-002	\$29,305	
	119-1540-003	\$54,187	
	119-1540-004	\$16,236	
	119-1540-005	\$11,614	
	119-1540-006	\$21,743	
	119-1540-009	\$1,141	
	119-1540-013	\$171	
	119-1540-015	\$57	
	119-1540-016	\$39,035	
		Subtotal Tax Area 3	\$594,657
4	119-0120-054	\$24,149	
	119-0120-055	\$16,904	
	119-0230-070	\$91,666	
	119-0230-071	\$12,321	
	119-1110-074	\$6,160	
	119-1110-075	\$3,746	
	119-1110-076	\$4,238	
	119-1110-077	\$5,766	
		Subtotal Tax Area 4	\$164,950
5	119-0120-054	\$38,891	
	119-0230-077	\$105,656	
		Subtotal Tax Area 5	\$144,547
6	119-1110-010	\$5,920	
	119-1110-012	\$11,752	
	119-1110-013	\$5,920	
	119-1110-022	\$20,297	
	119-1110-083	\$16,331	
	119-1110-088	\$7,553	
	119-1110-093	\$13,269	
	Subtotal Tax Area 6	\$81,040	2.81%
	Grand Total	\$2,884,107	100.00%

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Attachment 2
Laguna Creek Ranch, CFD No. 1
Improvement Area 1, Special Tax Area 1
Maximum Special Taxes Per
Original Mapped Single-Family Lot

Lot Size	Maximum Special Taxes Per Lot
up to 3,500 sq. ft.	\$416
3,501 sq. ft. to 4,500 sq. ft.	\$538
4,501 sq. ft. to 5,500 sq. ft.	\$667
5,501 sq. ft. to 6,500 sq. ft.	\$788
6,501 sq. ft. to 7,500 sq. ft.	\$908
7,501 sq. ft. to 8,500 sq. ft.	\$1,029
8,501 sq. ft. to 9,500 sq. ft.	\$1,158
9,501 sq. ft. to 10,500 sq. ft.	\$1,280
10,501 sq. ft. to 11,500 sq. ft.	\$1,401
11,501 sq. ft. to 12,500 sq. ft.	\$1,522
12,501 sq. ft. to 13,500 sq. ft.	\$1,651
13,501 sq. ft. to 14,500 sq. ft.	\$1,772
14,501 sq. ft. to 15,500 sq. ft.	\$1,893
15,501 sq. ft. and above	\$2,014

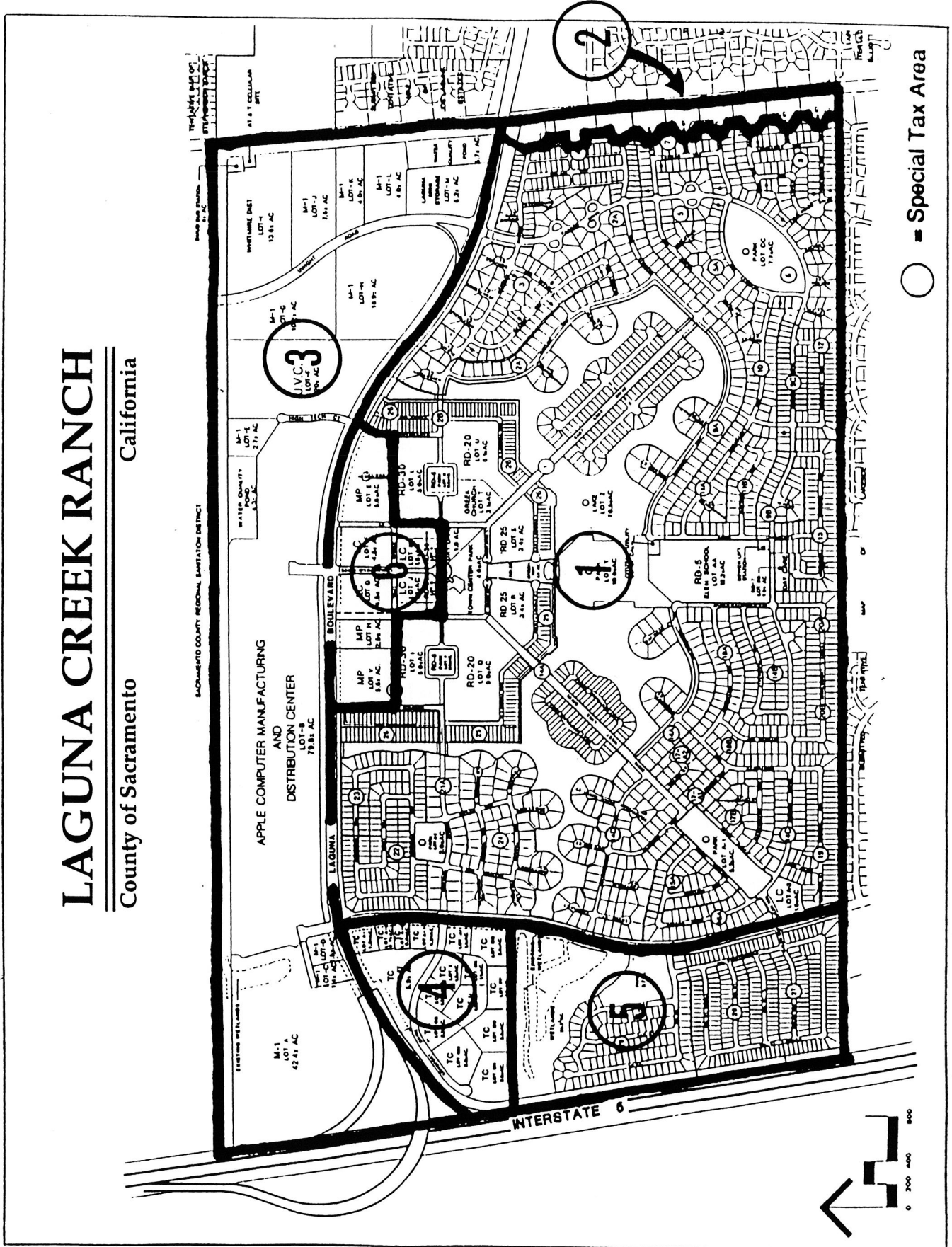
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Note: The Maximum Annual Special Taxes for Successor Mapped Single-Family Lots are based on the procedure set forth in Section 5.B. and 5.D.

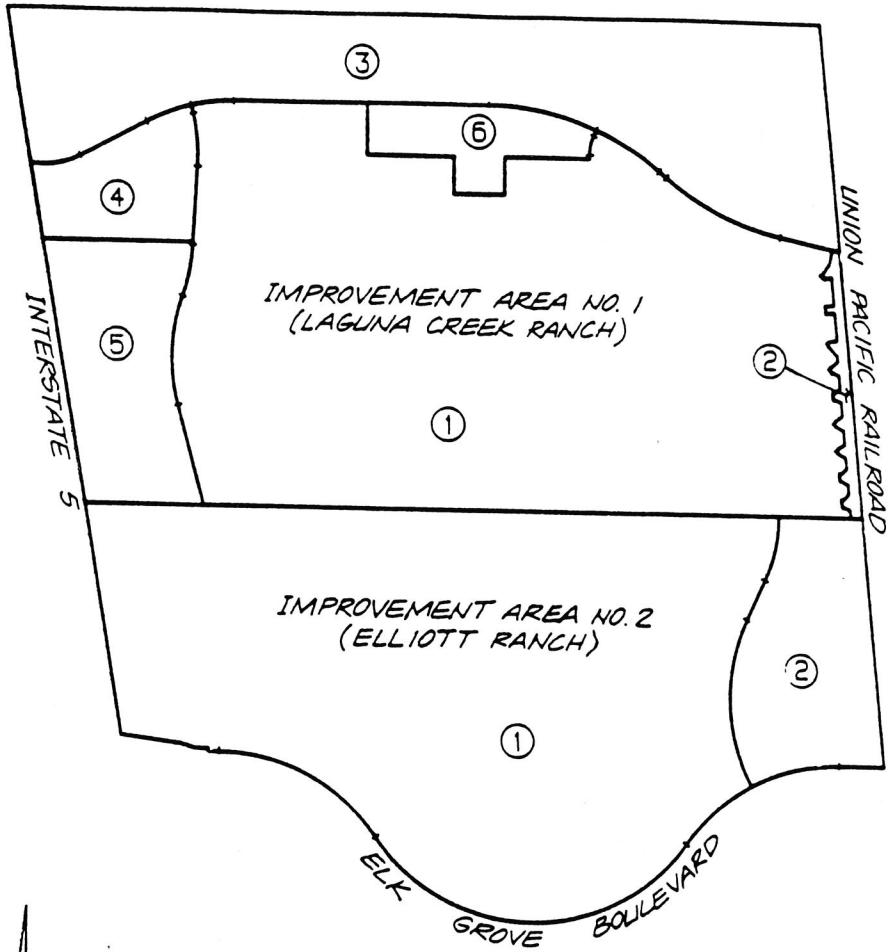
Attachment 3

LAGUNA CREEK RANCH

County of Sacramento California




Attachment 4
Description of Special Tax Areas



○ SPECIAL TAX AREA



REVISION	JOB NO. <u>7545-522</u>	TITLE: <u>MAP OF LAGUNA CREEK RANCH /</u>	 THE SPINK CORPORATION ENGINEERS • PLANNERS • SURVEYORS CODE: M.N.O. 4, 27, 30, 31 DR. NO. H6809
	DATE: <u>5/90</u>	<u>ELLIOTT RANCH COMMUNITY FACILITIES</u>	
	F.B. PAGE: _____	<u>DISTRICT NO. 1 - IMPROVEMENT ZONES</u>	
	SCALE: <u>1"=1600'</u>	CLIENT: <u>1/2 AND SPECIAL TAX AREAS</u>	
	DRAWN BY: <u>BW</u>	<u>RIVER WEST DEVELOPMENTS</u>	
	CHECKED BY: _____	SCALE IN INCHES	