



Community Facilities District No. 1998-1
(Lincoln Airpark)
City of Lincoln
Placer County, California

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Community Facilities District No. 1998-1 (the "CFD") of the City of Lincoln (the "City") shall be levied and collected according to the tax liability determined by the City 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.

"Administrative Expenses" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants; the costs of collecting installments of the Special Taxes; preparation of required reports; and any other costs required to administer the CFD as determined by the City of Lincoln. Administrative Expenses in the first year of the Special Tax levy will not exceed \$15,000. Thereafter, Administrative Expenses may be escalated on an annual basis consistent with increases in the San Francisco/Oakland Consumer Price Index.

"Annual Costs" means, for any Fiscal Year, the total of the following:

- i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year;
- ii) Administrative Expenses for such Fiscal Year;
- iii) Any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued;
- iv) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year; and,
- v) Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD;
- vi) Less earnings on the bond reserve fund pursuant to the bond indenture and any reimbursements.



"Benefit Share" means the Maximum Special Tax for a CFD Parcel divided by the Maximum CFD Revenue.

"Bond Proceeds" means funds received from the sale of CFD bonds used for paying eligible development impact fees or for the construction of authorized public facilities.

"Bond Reserve Fund" means the amount of CFD bond proceeds set aside by the City in a bond reserve account for the purpose of providing additional security to the bond holders for payment of principal and interest on the bonds, as specified in the bond resolution.

"Bond Share" means the share of bonds assigned to a CFD Parcel as specified in Section 6 hereof. The Bond Share equals the Benefit Share for a CFD Parcel times the total amount of Outstanding Bonds.

"Building Square Footage" means the total square feet of a building based on the square feet calculated for the building in determining its development impact fees for schools.

"CFD" means the Community Facilities District No. 1998-1 (Lincoln Airpark) of the City of Lincoln, County of Placer, State of California.

"City" means the City of Lincoln, California.

"City Council" means the City Council of the City of Lincoln acting for the CFD under the Act.

"County" means the County of Placer, California.

"County Assessor's Parcel" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

"Debt Service" means for each Fiscal Year, the total amount of principal and interest for any CFD bonds of the City during that Fiscal Year, less any applicable credits that may be available from any other sources and less any interest on reserve funds and other funds available to the City to pay principal and interest once all CFD facilities have been constructed or acquired.

"Developed Parcel" means a Parcel with a completed building that has been issued a certificate of occupancy by the City.

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

"Maximum Annual Cost" means the greatest amount of Annual Cost that can be collected from the levy of Maximum Annual Special Taxes, as shown on Attachment 1.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel in a Fiscal Year. This is calculated by multiplying the Maximum Annual Special Tax Rate times the Building Square Footage for the Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in Attachment 1, or as calculated based on the assignment of Maximum Annual Special Taxes in Section 4, that is used in calculating the Maximum Annual Special Tax for a Parcel based on its Building Square Footage in a given Fiscal Year.

"Outstanding Bonds" means the total principal amount of CFD bonds that have been issued and not retired or defeased.

"Parcel" means any Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Prepayment" means the permanent satisfaction of all of the Special Tax obligation for one or more CFD Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 7 hereof.

"Prepayment Parcel" means any CFD Parcel for which a Prepayment of the Special Tax has been paid.

"Public Parcel" means any parcel that is (1) publicly owned at the formation of the CFD, and (2) is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets; schools; parks; public drainage ways, public landscaping, greenbelts, and public open space.

"Reserve Fund Share" means the Benefit Share for a given CFD Parcel multiplied by the Bond Reserve Fund on all Outstanding Bonds.

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

"Taxable Parcel" means any CFD Parcel that is subject to a levy of the Maximum Special Tax.

"Tax-Exempt Parcel" means any CFD Parcel designated as: (1) Public Parcel, and (2) any CFD Parcel for which the Special Taxes have been fully prepaid.

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

"Undeveloped Parcel" means any Parcel that is planned for development but can not yet be classified as a Developed Parcel.

3. 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 pay authorized fees for public facilities, to construct authorized facilities, and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2024-2025.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Council shall direct the City 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 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.

4. Assignment of Maximum Special Tax

Each year, before August 1, the City shall do the following:

A. Classify Parcels. The City shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and any other City records. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD.

B. Calculate the Maximum Annual Special Tax Rate. The Maximum Annual Special Tax Rate shall be calculated each Fiscal Year by the following procedure:

- Sum the Building Square Footage for all buildings with certificates of occupancy on Developed Parcels.
- Divide the Maximum Annual Cost from Attachment 1 by the total Building Square Footage calculated above. The result of this calculation is the revised Maximum Annual Special Tax Rate.

C. Assign the Maximum Annual Special Tax. The City shall assign the appropriate Maximum Annual Special Tax for the Fiscal Year of the tax levy to each Taxable Parcel as follows:

1. Developed Parcels

The Maximum Annual Special Tax for a Developed Parcel is determined by multiplying the Maximum Special Tax Rate by the total Building Square Footage on that Parcel.

2. Developed Parcels Classified as Partial Prepayment Parcels

The Maximum Annual Special Tax for each Developed Parcel classified as a Partial Prepayment Parcel is assigned by multiplying the calculated Maximum

Special Tax Rate by the Partial Prepayment Factor for that Parcel— as calculated in Section 6, Part B— by the total Building Square Footage on that Parcel.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned as described above.

E. Taxable Parcels Acquired by a Public Agency. Taxable 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.

5. Calculating Annual Special Taxes

The City shall compute the Annual Costs and determine the Maximum Annual Special Tax for each Parcel based on the assignment of the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Cost using the definition in Section 2 for the Fiscal Year.
- B. Divide the Annual Cost amount by the Maximum Annual Cost from Attachment 1 to arrive at the Special Tax levy factor.
- C. Multiply the factor calculated in B. above by the Maximum Annual Special Tax calculated for each Taxable Parcel in Section 4 to arrive at the Special Tax levy for each Parcel.
- D. Levy on each Taxable Parcel the amount calculated above.
- E. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the owner of the Parcel levied a Special Tax to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

6. Prepayment of Special Tax Obligation

The Special Tax obligation of a Parcel may be permanently satisfied by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The City 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 for the prepaying Parcel.
- The prepaying Parcel must be classified as a Developed Parcel.
- Prior to the calculation of the prepayment amount, the landowner must notify the City whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the City of the dollar amount of the intended Prepayment.

The prepayment amount shall be established by following the steps in Part A, B, and C.

Part A: Prepayment of Outstanding Bonds

- Step A.1: Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 4 above.
- Step A.2: Determine the "Benefit Share" by dividing the Maximum Special Tax from Step A.1 by the Maximum CFD Revenue for all Taxable Parcels in the CFD at the time of the Prepayment.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step A.2 by the total amount of outstanding bonds issued by the CFD. 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 shall reduce the amount of outstanding bonds.
- Step A.4: Determine the Reserve Fund Share associated with the Bond Share determined in Step A.3. The Reserve Fund Share is equal to the lesser of the reserve requirement on all outstanding bonds or the actual Reserve Fund amount multiplied by the Benefit Share. Reduce the Bond Share by the amount of the Reserve Fund Share to arrive at the total amount of bonds to be included in the Prepayment amount.
- Step A.5: Determine the total Prepayment amount required by adding to the Bond Share amount calculated in Step A.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 City 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.

Part B: Calculate the Partial Prepayment Factor

If the prepayment is a partial prepayment, then the property owner shall designate an amount which is less than the total prepayment amount determined above for the prepaying Parcel (or group of prepaying Parcels) that results in a bond call in a whole number multiple of \$5,000. The City shall then determine the Partial Prepayment Factor by the following procedure:

- Step B.1: Subtract the amount of the Partial Prepayment from the total amount of bonds included in the Prepayment amount calculated in Step A.4 above;
- Step B.2: Divide the result of Step B.1 by the total amount of bonds calculated for a Prepayment Parcel in Step A.4; and,
- Step B.3: If a Partial Prepayment had previously been made for this Parcel, multiply the result of Step B.2 times the previously calculated Partial Prepayment Factor.

Part C: Transfers

Make the appropriate transfers from the Reserve Fund to the prepayment fund, as follows:

- Step C.1: For a full prepayment transfer, the amount of the Reserve Fund Share.
- Step C.2: For a partial prepayment, transfer an amount equal to the Reserve Fund Share times one minus the Partial Prepayment Factor.

7. Records Maintained for the CFD

As development and subdivision of the Lincoln Airpark continues, the City will maintain a written record of the following information for each Parcel:

- the current Parcel Numbers;
- the Building Square Footage for each building on a Parcel;
- the Maximum Annual Special Taxes that applied to each Parcel in each Fiscal Year; and,
- the authorized Special Taxes levied in each Fiscal Year.

The file containing the information listed above will be available for public inspection.

8. Appeals

Any taxpayer that feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the City appealing the levy of the Special Tax. The City will then

promptly review the appeal, and if necessary, meet with the applicant. If the City verifies that the tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the calculation of the Maximum Annual Special Tax Rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

Attachment 1
 City of Lincoln CFD No. 1998-1 (Lincoln Airpark)
 Maximum Annual Costs and
 Calculation of the Maximum Annual Special Tax Rate

Maximum Annual Cost [1]	<i>a</i>	\$315,695
Building Square Footage [2]	<i>b</i>	1,889,368
Maximum Annual Special Tax Rate For Developed Parcels [3]	$c = a / b$	\$0.167 <i>per Building Square Foot</i>

"a_1"

- [1] The Maximum Annual Cost is the highest amount of Maximum Special Tax Revenue that can be levied for the CFD. This amount will not change as additional development occurs.
- [2] Estimated Building Square Footage for buildings that have been granted certificates of occupancy as of the formation of the CFD. The actual Building Square Footage will be used to calculate the Maximum Annual Special Tax Rate on an annual basis.
- [3] The Maximum Annual Special Tax Rate is based on the Building Square Footage of existing buildings at the formation of the CFD. This represents the estimated Maximum Annual Special Tax Rate. The actual Maximum Annual Special Tax Rate will be recalculated annually, as described in Section 4.