

APPENDIX C

Rate and Method of Apportionment of Special Tax

EXHIBIT E

IMPROVEMENT AREA NO. 4 CITY OF DUBLIN COMMUNITY FACILITIES DISTRICT NO. 2015-1 (DUBLIN CROSSING)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in Improvement Area No. 4 of the City of Dublin Community Facilities District No. 2015-1 (Dublin Crossing) shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described herein. All of the property in Improvement Area No. 4 of the CFD, unless exempted by law or by the provisions of Section H herein, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 4.

A. **DEFINITIONS**

The terms hereinafter set forth have the following meanings:

“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), 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 City in carrying out its duties with respect to Improvement Area No. 4 and the Bonds, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements under the California Government Code and Rule 15c2-12 of the Securities and Exchange Act of 1934 with respect to the Bonds and the Special Tax, and all other costs and expenses of the City in any way related to the establishment or administration of Improvement Area No. 4.

“Administrator” shall mean the person or firm designated by the City to administer the Special Tax according to this RMA.

“Assessor’s Parcel” or “Parcel” means a lot or 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 those facilities that are authorized to be funded by CFD No. 2015-1.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, or assumed by Improvement Area No. 4 to fund Authorized Facilities.

“Buffer Release” shall occur at such time as the Administrator determines that (i) the Final Bond Sale has occurred, and (ii) the sum of the Maximum Special Taxes that can be collected from all Parcels of Developed Property, combined with (A) the Maximum Special Taxes that would be generated if the Residential Units expected to be built on all remaining Parcels of Single Family Detached Property are assumed to fall within the smallest Square Footage Category for Single Family Detached Property, and (B) the Maximum Special Taxes that would be generated if the Residential Units expected to be built on all remaining Parcels of Multi-Family Property are assumed to fall within the smallest Square Footage Category for Multi-Family Property, is sufficient to provide the Required Coverage for Improvement Area No. 4. To estimate the number of remaining Residential Units, the Administrator shall reference current Final Maps, condominium plans, site plans, and other such development plans. After making such determination, the Special Tax Buffer shall no longer be needed, and such amount shall be available to factor into future calculations of debt service coverage.

“Building Permit” means a permit that allows for vertical construction of a Residential Unit or a building with multiple Residential Units, and shall not include a separate permit issued for construction of the foundation thereof.

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

“CFD” or “CFD No. 2015-1” means City of Dublin Community Facilities District No. 2015-1 (Dublin Crossing).

“CFD Formation” means the date on which the Resolution of Formation to form Improvement Area No. 4 was adopted by the City Council.

“City” means the City of Dublin.

“City Council” means the City Council of the City of Dublin, acting as the legislative body of CFD No. 2015-1.

“County” means the County of Alameda.

“Developed Property” means, in any Fiscal Year, all Parcels of Single Family Detached Property, Multi-Family Property, and Taxable Non-Residential Property for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property and Undeveloped Property.

“Expected Land Uses” means the total number of Residential Units expected within Improvement Area No. 4 at the time of CFD Formation, as identified in Attachment 1 of this RMA. Pursuant to Sections D and E of this RMA, the Administrator shall update Attachment 1 each time there is a Land Use Change or property annexes into Improvement Area No. 4.

“Expected Maximum Special Tax Revenues” means the amount of annual revenue that would be available if the Maximum Special Tax was levied on the Expected Land Uses. The Expected Maximum Special Tax Revenue as of CFD Formation is shown in Attachment 1, and such amount may be adjusted pursuant to Sections D and E of this RMA, or if Parcels within the CFD prepay all or a portion of the Special Tax obligation.

“Final Bond Sale” means the last series of Bonds that will be issued on behalf of Improvement Area No. 4 (excluding any Bond refundings), as determined by the City.

“Final Map” means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates lots which do not need to be further subdivided prior to issuance of a building permit for a residential structure. The term “Final Map” shall not include any Assessor’s Parcel map or subdivision map, or portion thereof, that does not create lots that are in their final configuration, including Assessor’s Parcels that are designated as remainder parcels.

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

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “future annexation area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into Improvement Area No. 4, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act.

“Homeowners Association” means the homeowners association, including any master or sub-association, that provides services to, and collects dues, fees, or charges from, property within Improvement Area No. 4.

“Homeowners Association Property” means any property within the boundaries of Improvement Area No. 4 that is owned in fee or by easement by the Homeowners Association, not including any such property that is located directly under a residential structure.

“Improvement Area No. 4” means Improvement Area No. 4 of the City of Dublin Community Facilities District No. 2015-1 (Dublin Crossing).

“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 proposed or approved change to the Expected Land Uses within Improvement Area No. 4 after CFD Formation.

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

“Maximum Special Tax Revenue” means the aggregate Maximum Special Tax that can be levied on all Parcels of Taxable Property within Improvement Area No. 4 in any given Fiscal Year.

“Multi-Family Property” means, in any Fiscal Year, all Parcels for which a Building Permit was issued for construction of a residential structure consisting of two or more Residential Units that share common walls.

“Net Expected Maximum Special Tax Revenues” means the Expected Maximum Special Tax Revenues less the Special Tax Buffer.

“Non-Residential Property” means, in any Fiscal Year, all Parcels of Developed Property within the boundaries of Improvement Area No. 4 that are not Single Family Detached Property, Homeowner Association Property, Multi-Family Property, or Public Property, as defined herein.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Parcels of Undeveloped Property. For Taxable Non-Residential Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Taxable Non-Residential Property. For Taxable Homeowners Association Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Taxable Homeowners Association Property. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Taxable Public Property.

“Public Property” means any property within the boundaries of Improvement Area No. 4 that is owned by the federal government, State of California or other local governments or public agencies.

“Required Coverage” means the amount by which the Maximum 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, for Single Family Detached Property, an individual single-family detached unit, and, for Multi-Family Property, an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, live/work or condominium structure, or apartment building.

“RMA” means this Rate and Method of Apportionment of Special Tax for Improvement Area No. 4.

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

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

“Special Tax Buffer” means a portion of the Maximum Special Tax Revenues that shall not be used to size Bonds to avoid reducing debt service coverage on the Bonds to an amount less than the Required Coverage. Prior to the Buffer Release, the Special Tax Buffer shall be subtracted from the Maximum Special Tax Revenues in order to size the issuance of Bonds. The Special Tax Buffer for Fiscal Year 2015-16 is \$21,919, which amount shall be (i) escalated each Fiscal Year by an amount equal to 2.0% of the amount in effect in the prior Fiscal Year, (ii) adjusted if there are changes to the Expected Land Uses, as set forth in Sections D and E, that result in an adjustment to the Expected Maximum Special Tax Revenues with the adjusted Special Tax Buffer being equal to 4.0% of the new Expected Maximum Special Tax Revenues, and (iii) reduced if and when the Administrator determines that Building Permits issued within Improvement Area No. 4 will result in more Residential Units within the smaller Square Footage Categories when compared to the Expected Land Uses. Each time additional Building Permits are issued, the Administrator shall compare the Building Permits issued to the Expected Land Uses and determine if there is a reduction in the Expected Maximum Special Tax Revenues. Any such reduction shall be subtracted from the Special Tax Buffer, and the reduced Special Tax Buffer shall, in the next Fiscal Year and each Fiscal Year thereafter, be escalated by two percent (2%) of the amount in effect in the prior Fiscal Year.

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create and/or replenish reserve funds for the Bonds to the extent such replenishment has not been included in the computation of Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses, and (v) to pay the costs of Authorized Facilities so long as the direct payment for Authorized Facilities does not increase the Special Taxes on Undeveloped Property. The Special Tax Requirement may be reduced in any Fiscal Year by (i) 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 debt service pursuant to the Indenture or other legal document that sets forth these terms, (ii) proceeds from

the collection of penalties associated with delinquent Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Square Foot” or “Square Footage” means the square footage of a Residential Unit reflected on a Building Permit, condominium plan, site plan, or other such document. If the Square Footage shown on a site plan or condominium plan is inconsistent with the Square Footage reflected on the Building Permit issued for construction of the Residential Unit, the Square Footage from the Building Permit shall be used to determine the appropriate Square Footage Category for the Residential Unit.

“Square Footage Category” means one of the six different categories of Single Family Detached Property and Multi-Family Property set forth in Section C below.

“Taxable Homeowners Association Property” means, in any Fiscal Year, all Parcels of Homeowners Association Property that are not exempt pursuant to Section H below.

“Taxable Non-Residential Property” means, in any Fiscal Year, all Parcels of Non-Residential Property that are not exempt pursuant to Section H below.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 4 which are not exempt from the Special Tax pursuant to law or Section H below.

“Taxable Public Property” means, in any Fiscal Year, all Parcels of Public Property that are not exempt pursuant to Section H below.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

Each Fiscal Year, the Administrator shall (i) categorize each Parcel of Taxable Property as Developed Property or Undeveloped Property, (ii) categorize each Parcel of Developed Property as Single Family Detached Property, Multi-Family Property, or Taxable Non-Residential Property, and (iii) determine if there is any Taxable Homeowners Association Property or Taxable Public Property. For Multi-Family Property, the number of Residential Units shall be determined by referencing the condominium plan, apartment plan, site plan or other development plan. In addition, the Administrator shall, on an ongoing basis, track the current balance of the Special Tax Buffer and determine whether the Buffer Release can take place.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in Improvement Area No. 4 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 Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies 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 TAX**

1. *Developed Property*

The following maximum Special Tax rates shall apply to all Parcels of Developed Property within Improvement Area No. 4 for each Fiscal Year in which the Special Tax is levied and collected:

TABLE 1 Developed Property Fiscal Year 2015-16 Maximum Special Taxes *		
Land Use	Square Footage Category	Maximum Special Tax (Fiscal Year 2015-16)*
Single Family Detached Property	Residential Units greater than 2,300 Square Feet	\$4,878 per Residential Unit
Single Family Detached Property	Residential Units 2,100 to 2,300 Square Feet	\$4,528 per Residential Unit
Single Family Detached Property	Residential Units less than 2,100 Square Feet	\$4,174 per Residential Unit
Multi-Family Property	Residential Units greater than 1,800 Square Feet	\$4,087 per Residential Unit
Multi-Family Property	Residential Units 1,600 to 1,800 Square Feet	\$3,685 per Residential Unit
Multi-Family Property	Residential Units Less than 1,600 Square Feet	\$3,273 per Residential Unit

*On July 1, 2016 and on each July 1 thereafter, the Maximum Special Taxes shown in Table 1 shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

Once a Special Tax has been levied on a Parcel of Developed Property, the Maximum Special Tax applicable to that Parcel shall not be reduced in future Fiscal Years because of changes in land use on the Parcel. Notwithstanding the foregoing, the actual Special Tax levied on a Parcel of Developed Property in any Fiscal Year may be less than the Maximum Special Tax if the Special Tax Requirement does not require the levy of the Maximum Special Tax pursuant to Section F below.

2. *Taxable Non-Residential Property, Taxable Homeowners Association Property and Taxable Public Property*

The Maximum Special Tax for Parcels of Taxable Non-Residential Property, Taxable Homeowners Association Property and Taxable Public Property in Fiscal Year 2015-16 is \$78,700 per Acre, which shall be increased on July 1, 2016 and on each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

3. *Undeveloped Property*

The Maximum Special Tax for Parcels of Undeveloped Property in Fiscal Year 2015-16 is \$78,700 per Acre, which shall be increased on July 1, 2016 and on each July 1 thereafter by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

D. LAND USE CHANGES

The Expected Maximum Special Tax Revenues for Improvement Area No. 4, which is shown in Attachment 1, was calculated based on the Expected Land Uses at CFD Formation. As set forth in Section E herein, Attachment 1 shall be modified to reflect the Expected Land Uses and Expected Maximum Special Tax Revenues for Improvement Area No. 4 if property is annexed to Improvement Area No. 4. Attachment 1 is also subject to modification upon the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes within Improvement Area No. 4 and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenues.

If, ***prior to the first Bond sale***, a Land Use Change is proposed that will result in a reduction in the Expected Maximum 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 1 to show the reduced Net Expected Maximum Special Tax Revenues, which shall then be the amount used to size Bond sales.

If, ***after the first Bond sale***, a Land Use Change is proposed that will result in a reduction in the Expected Maximum Special Tax Revenues, no action will be needed pursuant to this Section D as long as the reduction in Net Expected Maximum Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the Required Coverage. Upon approval of the Land Use Change, the Administrator shall update Attachment 1 to show the reduced Net Expected Maximum Special Tax Revenues, which shall then be the amount used to size future bond sales.

If, *after the first Bond sale*, the Administrator determines that a proposed Land Use Change would reduce debt service coverage on outstanding Bonds below the Required Coverage, a prepayment must be made by the landowner requesting the Land Use Change in an amount sufficient to retire Bonds in the amount necessary to maintain the Required Coverage.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into Improvement Area No. 4, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1.** Working with City staff and the landowner, the Administrator shall determine the number of Residential Units within each Square Footage Category that are expected to be built within the area to be annexed.
- Step 2.** The Administrator shall prepare and keep on file an updated Attachment 1 that adds the annexed property and identifies the revised Expected Land Uses, Expected Maximum Special Tax Revenues, and Special Tax Buffer for Improvement Area No. 4. After the annexation is complete, the application of Sections D, F and I of this RMA shall be based on the adjusted Expected Land Uses and Expected Maximum Special Tax Revenues including the newly annexed property.
- Step 3.** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the CFD.
- Step 4.** The Administrator shall recalculate the Public Facilities Requirement used in the prepayment calculation in Section I below to include the estimated net proceeds that can be generated to fund Authorized Facilities based on the Maximum Special Tax capacity from the annexed area. The adjusted Public Facilities Requirement shall be calculated by (i) dividing the increased Expected Maximum Special Tax Revenues that can be collected after the annexation by the Expected Maximum Special Tax Revenues that were in place prior to the annexation, and (ii) multiplying the quotient by the Public Facilities Requirement that was in place prior to the annexation.
- Step 5.** The Administrator shall increase the acreage of exempt Public Property and exempt Homeowners Association Property to include such acreage as estimated in the area that was annexed.

F. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. A Special Tax shall then be levied according to the following steps:

Step 1. In all Fiscal Years prior to the earlier of (i) the funding of all the Authorized Facilities or (ii) the fifteenth Fiscal Year in which a Special Tax is levied on Parcels in Improvement Area No. 4, the Maximum Special Tax shall be levied on all Parcels of Developed Property. Pursuant to the flow of funds set forth in the Indenture, any Special Tax proceeds collected that are not needed to pay debt service on the Bonds, replenish reserves, or pay Administrative Expenses shall be used to pay directly for Authorized Facilities.

After the Fiscal Year in which the earlier of the two dates set forth above occurs, the Special Tax shall be levied Proportionately on each Parcel of Developed Property, up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement.

Step 2. If additional revenue is needed after Step 1 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for each Parcel of Undeveloped Property.

Step 3. If additional revenue is needed after Step 2 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Homeowners Association Property up to 100% of the Maximum Special Tax for each Parcel of Taxable Homeowners Association Property.

Step 4. If additional revenue is needed after Step 3 to pay the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property, up to 100% of the Maximum Special Tax for each Parcel of Taxable Public Property.

G. MANNER OF COLLECTION OF SPECIAL TAXES

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

The Special Tax shall be levied and collected until principal and interest on all Bonds have been repaid, costs of constructing or acquiring Authorized Facilities have been paid, and all Administrative Expenses have been paid or reimbursed. However, in no event shall Special Taxes be levied after Fiscal Year 2050-51. Under no circumstances may the Special Tax on a Parcel in residential use be increased in any Fiscal Year as a consequence of delinquency or default in payment of the 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.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on up to 14.54 Acres of Public Property and 6.49 Acres of Homeowners Association Property in Improvement Area No. 4, which acreage amounts will be adjusted with each annexation of property into Improvement Area No. 4 as set forth in Section E above. Tax-exempt status will be assigned by the Administrator separately to Public Property and Homeowners Association Property in chronological order based on the date on which Parcels are transferred to a Public Agency or the Homeowners Association. As of CFD Formation, there was no Non-Residential Property expected within Improvement Area No. 4; therefore, all Non-Residential Property in Improvement Area No. 4 shall be Taxable Non-Residential Property for purposes of this RMA.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

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

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the 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 Requirement” means either \$7.6 million in 2015 dollars, escalated two percent (2.0%) per year beginning July 1, 2016 and each July 1 thereafter, or such lower number as shall be determined by the City as sufficient to fund the Authorized Facilities.

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

1. Full Prepayment

The Special Tax obligation applicable to an Assessor’s Parcel in Improvement Area No. 4 may be prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no

delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor's Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid 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 above or below):

Bond Redemption Amount
plus Remaining Facilities Amount
plus Redemption Premium
plus Defeasance Requirement
plus Administrative Fees and Expenses
less Reserve Fund Credit
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 greater of (i) the total Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City, or (ii) the Maximum Special Tax that could be collected from the Parcel at buildout based on Expected Land Uses at the time the prepayment is calculated.
- Step 2.** Divide the Maximum Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the lesser of (i) the Maximum Special Tax Revenue that could be collected in that Fiscal Year from property in Improvement Area No. 4, or (ii) the Maximum Special Tax revenues that could be generated at buildout of property in Improvement Area No. 4 based on the Expected Land Uses at the time the prepayment is calculated.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).

Step 7. 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 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 Special Taxes already levied, Steps 7, 8 and 9 of this prepayment formula will not apply.

Step 8. Compute the amount of interest the City 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 9. Subtract the amount computed pursuant to Step 8 from the amount computed pursuant to Step 7 (the ***“Defeasance Requirement”***).

Step 10. 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 11. 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 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the ***“Prepayment Amount”***).

Step 13. From the Prepayment Amount, the amounts computed pursuant to Steps 3, 6, and 9 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited into the Construction Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses of Improvement Area No. 4.

Once a full prepayment has been received, a Notice of Cancellation of Special Tax Lien shall be recorded against the Parcel. However, a Notice of Cancellation of 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.

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of Administrative Fees and Expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made shall be determined as follows:

- Step 1.** Calculate the full prepayment (not including the amount collected for Administrative Fees and Expenses) that would be due from the Parcel if the entire Special Tax obligation were being prepaid pursuant to Section I.1 above.
- Step 2.** Divide the partial prepayment amount for the Parcel (not including the amount collected for Administrative Fees and Expenses) by the amount computed in Step 1 to determine a percentage.
- Step 3.** Subtract the percentage computed in Step 2 from 100% to determine the "Remaining Percentage."
- Step 4.** Multiply the Remaining Percentage from Step 3 by the Maximum Special Tax for the Parcel to determine the new Maximum Special Tax that will be in effect for the Parcel after the partial prepayment is applied.

When a partial prepayment is received, the proceeds shall be deposited as follows:

- The amount computed pursuant to Step 10 in Section I.1 shall be deposited into the account or fund that is established to pay Administrative Expenses of Improvement Area No. 4.
- The sum of the amounts computed pursuant to Steps 3, 6, and 9 in Section I.1 shall be multiplied by the percentage determined in Step 2 of this Section I.2, and the product shall be the amount deposited into the appropriate fund established under the Indenture to be used to retire Outstanding Bonds or make debt service payments.
- The amount computed pursuant to Step 5 in Section I.1 shall be multiplied by the percentage determined in Step 2 of this Section I.2, and the product shall be the amount deposited into the Construction Fund.

Once a partial prepayment has been received, an Amendment to Special Tax Lien shall be recorded against the Parcel. However, an Amendment to 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.

J. INTERPRETATION OF SPECIAL TAX FORMULA

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

ATTACHMENT 1

**Improvement Area No. 4
City of Dublin
Community Facilities District No. 2015-1
(Dublin Crossing)**

Land Use	Square Footage Category	Maximum Special Tax per Unit FY 2015-16 [1]	Figures Included in Adopted RMA		Revised Figures Upon Annexation	
			Expected Number of Units	Expected Maximum Special Tax Revenues [1]	Expected Number of Units	Expected Maximum Special Tax Revenues [1]
Single Family Detached Property	Residential Units greater than 2,300 Square Feet	\$4,878 per Residential Unit	23	\$112,194	174	\$848,772
Single Family Detached Property	Residential Units 2,100 to 2,300 Square Feet	\$4,528 per Residential Unit	23	\$104,144	0	\$0
Single Family Detached Property	Residential Units less than 2,100 Square Feet	\$4,174 per Residential Unit	23	\$96,002	12	\$50,088
Multi-Family Property	Residential Units greater than 1,800 Square Feet	\$4,087 per Residential Unit	21	\$85,827	80	\$326,960
Multi-Family Property	Residential Units 1,600 to 1,800 Square Feet	\$3,685 per Residential Unit	22	\$81,070	0	\$0
Multi-Family Property	Residential Units less than 1,600 Square Feet	\$3,273 per Residential Unit	21	\$68,733	0	\$0
Expected Maximum Special Tax Revenues (FY 2015-16 \$)				\$547,970		\$1,225,820
Less: Special Tax Buffer (2015-16 \$) (4% of Expected Max Special Tax Revenues)				(\$21,919)		(\$49,033)
Net Special Tax Revenues Available for Bond Sizing (FY 2015-16 \$)				\$526,051		\$1,176,787

[1]: On July 1, 2016 and each July 1 thereafter, all dollar amounts shown above shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

	<u>At Formation</u>	<u>Upon Annexation</u>
Acres of Public Property	14.54 Acres	0.00 Acres
Acres of Homeowners Association Property	6.49 Acres	0.00 Acres
Acres of Non-Residential Property	0.00 Acres	0.00 Acres
Public Facilities Requirement	\$7,600,000	\$17,000,000