

**CITY OF DUBLIN
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(EAST RANCH)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor's Parcel in the City of Dublin Community Facilities District No. 2023-1 (East Ranch) shall be levied and collected according to the tax liability determined by the City Council through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, 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.

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), 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 City in carrying out its duties with respect to the CFD and the Bonds, including, but not limited to, the levy and collection of Special Taxes, 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 Taxes, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements for the City and any major property owners or other obligated parties, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

"Administrator" shall mean the person or firm designated by the City to administer the Special Taxes according to this RMA.

"Affordable Housing Unit" means any Residential Unit on a Parcel of Developed Property for which a deed restriction has been recorded on title of the property that limits the rental rate or sales price or otherwise restricts the affordability of the Residential Unit or income of its occupants. It is incumbent upon the builder, developer, or property owner to make the Administrator aware of such deed restriction. Residential Units on Welfare Exemption Property shall be categorized as Welfare Exemption Property for purposes of this RMA, not as Affordable Housing Units.

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

“Authorized Services” means the public services authorized to be funded, in whole or in part, by the CFD.

“Average Sales Price” means the weighted average sales price for all Residential Units within a particular Tax Zone that have sold within the past 6 months or are expected to sell in a normal marketing environment, and shall not include Affordable Housing Units or 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 within the respective Tax Zone that have sold within the past 6 months or are expected to sell in a normal marketing environment including, but not limited to, options, upgrades, and premiums.

“Base Facilities Special Tax” means, for any Land Use Category, the applicable Special Tax initially identified in Table 1 of Section C, as may be adjusted pursuant to Section D herein.

“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 permit that allows for vertical construction of a building or buildings, which 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” means the City of Dublin Community Facilities District No. 2023-1 (East Ranch).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD 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. 2023-1.

“County” means the County of Alameda.

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

Property for which a Building Permit for new construction was issued prior to June 1 of the preceding Fiscal Year.

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

“Exempt Affordable Units Parcel” means the Parcel in the CFD on which all Residential Units are expected to be Affordable Housing Units and, therefore, such Parcel (or Parcels once subdivided) is exempt from the levy of the Special Taxes unless and until Residential Units constructed on such Parcel(s) no longer have a deed restriction making them Affordable Units. The Exempt Affordable Units Parcel is identified in Attachment 1 hereto. Such exemption shall apply to the Parcel once it becomes a stand-alone Assessor’s Parcel, whether such Parcel is Developed Property or Undeveloped Property, as defined herein.

“Expected Land Uses” means, for any Tax Zone, the number of Residential Units and the acreage of Other Property expected within the CFD at CFD Formation, as identified in Attachments 1 and 2 of this RMA. Pursuant to Section D of this RMA, the Administrator shall update Attachment 2 each time there is a Land Use Change. Such update shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

“Expected Maximum Facilities Special Tax Revenues” means the aggregate Facilities Special Tax that can be levied based on application of the Base Facilities Special Tax to the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues at CFD Formation are shown in Attachment 2 and may be revised pursuant to Section D and H below.

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

“Facilities 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 replenish reserve funds to the extent such replenishment has not been included in a computation of the Facilities 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 to be funded directly from Facilities Special Tax proceeds to the extent that paying directly for such costs does not increase the Facilities Special Taxes levied on Final Map Property or Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Facilities Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Map” means a final map, or portion thereof, approved by the City 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.

“Final Map Property” means, in any Fiscal Year, all SFD Lots created within Final Maps that had recorded prior to June 1 of the preceding Fiscal Year and which have not yet become Developed Property.

“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 of Taxable Property in the CFD.

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

“Improvement Fund” means the account (regardless of its name) identified in the Indenture to hold funds that are available for expenditure to acquire or construct Authorized Facilities or to pay eligible impact fees.

“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 Category” means, individually, Single Family Property or Other Property. Affordable Housing Units shall be considered a separate Land Use Category for purposes of this RMA.

“Land Use Change” means a proposed or approved change to the Expected Land Uses after CFD Formation.

“Master Developer” means TH East Ranch Dublin, LLC, a California limited liability company, and its successors and assigns.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on a Parcel in any Fiscal Year as 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 a Parcel in any Fiscal Year, as determined in accordance with Section C below.

“Maximum Special Tax” means, as the context requires, either or both of the Maximum Facilities Special Tax and Maximum Services Special Tax.

“Other Property” means any Parcel of Taxable Property in the CFD that does not fit within the definition of Single Family Property, Affordable Housing Unit, Taxable Owners Association Property, Taxable Public Property, or Taxable Welfare Exemption 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 the CFD.

“Owners Association Property” means any property within the boundaries of the CFD that is owned in fee or through 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 City 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 City or any developer of Parcels in the CFD; (d) does not have any substantial interest, direct or indirect, with or in: (i) the CFD, (ii) the City, or (iii) any owner of real property in the CFD; and (e) is not connected with the City as an officer or employee thereof, but who may be regularly retained to make reports to the City.

“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. For each Tax Zone in the CFD, the price point study shall analyze Residential Units with similar density, lot sizes, square footage ranges, and product type as the Residential Units within that Tax Zone and excluding Affordable Housing Units. The Master Developer will be provided the opportunity to review and comment on the draft price point study before a final version is presented to the City.

“Proportionately” means, for each Development Class, 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 assigned to the Development Class.

“Public Property” means any property within the boundaries of the CFD that is owned by the City, County, federal government, State of California, or other public agency.

“Required Coverage” means the amount by which the Expected Maximum Facilities Special Tax Revenues must exceed the Bond debt service and priority Administrative Expenses (if any), 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 an SFD Unit or an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, live/work or condominium structure. A second unit (granny flat) that shares a Parcel with an SFD Unit shall not be considered a Residential Unit for purposes of levying the Special Taxes.

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

“Services Special Tax” means a special tax levied in any Fiscal Year on Parcels in the CFD 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 City) 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 has been or is permitted to be issued for construction of an SFD Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved Tentative Map.

“SFD Unit” means a residential dwelling unit that does not share a common wall with another residential dwelling unit.

“Single Family Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a Building Permit was or is expected to be issued for: (i) construction of an SFD Unit, or (ii) 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 an Assessor’s 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 owners of the Residential Units), including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

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

“Tax Zone” means a geographic area within which a particular Maximum Facilities Special Tax rate may be levied pursuant to this RMA, as identified in Attachment 1 hereto.

“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 as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it is 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 of the Parcels within the boundaries of the CFD that are not exempt from the Special Taxes 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 Section D below), the Parcel was not anticipated to be Public Property as determined by the Administrator; and (iii) if the Parcel were to be exempt from the Facilities Special Tax because it is 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 below), 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.

“Tentative Map” means a tentative map or substantial conformance exhibit for property in the CFD, including any adjustments or amendments thereto.

“Total Tax Burden” means, for Single Family Property, that the Special Taxes, 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.

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

“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) assign each Parcel of Taxable Property to the appropriate Tax Zone and the appropriate Development Class; (ii) for Developed Property, categorize each Parcel as Single Family Property, an Affordable Housing Unit, or Other Property; and (iii) determine the Facilities Special Tax Requirement and the Services Special Tax Requirement for the Fiscal Year. In addition, the Administrator shall, on an ongoing basis, monitor the Tentative Map, Final Maps, and Building Permits to determine if there are any proposed Land Use Changes that would change the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be revised pursuant to a proposed 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 the CFD 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. Facilities Special Tax: Developed Property and Final Map Property

The Maximum Facilities Special Tax for a Parcel of Developed Property is the greater of: (i) the Base Facilities Special Tax set forth in Table 1 below, or (ii) the Maximum Facilities Special Tax determined pursuant to Section D.

**Table 1
Base Facilities Special Tax
Developed Property and Final Map Property**

Tax Zone and Land Use Category	Base Facilities Special Tax Fiscal Year 2023-24 *
<u>Tax Zone 1</u> Single Family Property Affordable Housing Units Other Property	\$5,850 per Residential Unit or SFD Lot \$0 per Residential Unit \$28,741 per Acre
<u>Tax Zone 2</u> Single Family Property Affordable Housing Units Other Property	\$4,600 per Residential Unit or SFD Lot \$0 per Residential Unit \$35,934 per Acre
<u>Tax Zone 3</u> Single Family Property Affordable Housing Units Other Property	\$4,400 per Residential Unit or SFD Lot \$0 per Residential Unit \$28,679 per Acre
<u>Tax Zone 4</u> Single Family Property Affordable Housing Units Other Property	\$3,750 per Residential Unit or SFD Lot \$0 per Residential Unit \$33,034 per Acre
<u>Tax Zone 5</u> Single Family Property Affordable Housing Units Other Property	\$3,300 per Residential Unit or SFD Lot \$0 per Residential Unit \$37,882 per Acre
<u>Tax Zone 6</u> Single Family Property Affordable Housing Units Other Property	\$2,000 per Residential Unit or SFD Lot \$0 per Residential Unit \$38,373 per Acre

*** On July 1, 2024, and on each July 1 thereafter, all figures 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.**

2. *Facilities Special Tax: Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property*

Table 2 below identifies the Maximum Facilities Special Tax for Parcels of Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property in each Tax Zone.

Table 2
Maximum Facilities Special Tax for Undeveloped Property, Taxable Owners Association Property, Taxable Welfare Exemption Property, and Taxable Public Property

Tax Zone	Maximum Facilities Special Tax (Fiscal Year 2023-24)*
Tax Zone 1	\$28,741 per Acre
Tax Zone 2	\$35,934 per Acre
Tax Zone 3	\$28,679 per Acre
Tax Zone 4	\$33,034 per Acre
Tax Zone 5	\$37,882 per Acre
Tax Zone 6	\$38,373 per Acre

* On July 1, 2024 and on each July 1 thereafter, all dollar amounts shown in Table 2 above shall be increased by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

3. *Services Special Tax: Developed Property and Final Map Property*

The Maximum Services Special Tax for Parcels of Developed Property and Final Map Property is \$381 per Residential Unit or SFD Lot in Fiscal Year 2023-24. Notwithstanding the foregoing, the Maximum Services Special Tax shall not be levied on Affordable Housing Units. On July 1, 2024 and on each July 1 thereafter, the Maximum Services Special Tax shall be increased by an amount equal to 4.0% of the amount in effect for the prior Fiscal Year.

4. *Services Special Tax: Undeveloped Property*

Table 3 below identifies the Maximum Services Special Tax for Parcels of Undeveloped Property in each Tax Zone.

Table 3
Maximum Services Special Tax for Undeveloped Property

Tax Zone	Maximum Services Special Tax (Fiscal Year 2023-24)*
Tax Zone 1	\$1,872 per Acre
Tax Zone 2	\$2,636 per Acre
Tax Zone 3	\$2,484 per Acre
Tax Zone 4	\$3,356 per Acre
Tax Zone 5	\$4,373 per Acre
Tax Zone 6	\$7,316 per Acre

* On July 1, 2024 and on each July 1 thereafter, all dollar amounts shown in Table 3 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 FACILITIES SPECIAL TAX

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.

1. Land Use Changes

The Expected Maximum Facilities Special Tax Revenues shown in Attachment 2 were originally calculated based on the Expected Land Uses at CFD Formation. 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 below 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 or a partial prepayment has been made), 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 the CFD after the Land Use Change based on application of the Base Facilities Special Taxes from Table 1.
- Step 3:** If the revenues calculated in Step 2 are (i) higher than those determined in Step 1 or (ii) less than those calculated in Step 1, but the reduction in Expected Maximum Facilities Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below Required Coverage, 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, 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 Final Map Property or Undeveloped Property at the time the Administrator prepared the prepayment estimate, **or**

3.b. If a prepayment is not received by the due date specified above, the Base Facilities Special Tax used to determine the Maximum Facilities Special Tax for each Parcel of Taxable Property in the area affected by the Land Use Change shall be increased proportionately until the Expected Maximum Facilities Special Tax Revenues are sufficient to maintain Required Coverage.

If multiple Land Use Changes are proposed simultaneously by a single landowner (which may include approval of multiple Final Maps at one time), and the landowner requests that the impact of two or more of the Land Use Changes be considered together, the Administrator shall consider the combined effect of the Land Use Changes to determine if there is a reduction in Expected Maximum Facilities Special Tax Revenues. If there is a reduction that would reduce debt service coverage below the Required Coverage, and no prepayment has been received, then the Base Facilities Special Tax used to determine the Maximum Facilities Special Tax for each Parcel of Taxable Property in the areas affected by the Land Use Changes shall be increased proportionately until the aggregate amount that can be levied within such areas is equal to the amount that could have been levied prior to the proposed Land Use Changes. If Land Use Changes are proposed simultaneously by multiple landowners, or if an individual landowner proposing multiple Land Use Changes does not request that such Land Use Changes be considered together, the Administrator shall consider the proposed Land Use Changes individually.

Notwithstanding the foregoing, once a certificate of occupancy has been issued for a Residential Unit on a Parcel, the Maximum Facilities Special Tax for the Parcel cannot be increased because of subsequent Land Use Changes that may occur within the area in which the Parcel is located.

The duties imposed on the Administrator pursuant to this Section D to review Land Use Changes, and to review Final Maps and make certain calculations, are intended only to facilitate the 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 the 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 whose property is the subject of a Land Use Change shall be responsible for understanding the impact thereof on the Facilities Special Tax applicable to such property.

2. Partial Prepayments

If a Parcel makes a partial prepayment pursuant to Section H below, the Administrator shall recalculate the Maximum Facilities Special Tax for the Parcel pursuant to Section H.2. In addition, the Administrator shall update Attachment 2 to reflect the prepayment and the revised Expected Maximum Facilities Special Tax Revenues for the CFD. 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 to a Taxable Land Use*

If, in any Fiscal Year, an Affordable Housing Unit, the Exempt Affordable Units Parcel, or a Parcel of Public Property, Welfare Exemption Property, or Owners Association Property that had been exempt from the Special Taxes is converted to Single Family Property or Other Property, such Parcel shall be subject to the levy of Special Taxes. The Maximum Special Taxes for each such Parcel shall be determined based on the applicable Land Use Category for the Parcel, as determined by the Administrator. In addition, the Administrator shall update Attachment 2 to reflect the revised Expected Land Uses and Expected Maximum Facilities Special Tax Revenues for the CFD.

4. *Increase in Affordable Housing Units*

If, prior to the First Bond Sale, the Administrator determines that there is an increase in the number of Affordable Housing Units expected within any Tax Zone, the Administrator shall update the Expected Land Uses and Expected Maximum Facilities Special Tax Revenues in Attachment 2, and the additional Affordable Housing Units will be exempt from the Special Taxes.

If, at any time after the First Bond Sale, additional Affordable Housing Units are proposed, and if the addition of the new Affordable Housing Units will decrease the Expected Maximum Facilities Special Tax Revenues to a point at which Required Coverage cannot be maintained, the Administrator shall calculate the Maximum Facilities Special Tax that must be assigned to each of the new Affordable Housing Units to maintain Required Coverage. The Maximum Facilities Special Tax assigned to the new Affordable Housing Units shall be escalated each Fiscal Year by an amount equal to 2.0% of the amount in effect for the prior Fiscal Year.

5. *Transfer of Expected Maximum Facilities Special Tax Revenues Among Tax Zones*

The Expected Maximum Facilities Special Tax Revenues were determined for each Tax Zone based on the Expected Land Uses within that Tax Zone. If the expected number of Residential Units or the expected acres of Other Property is transferred from one Tax Zone to another, the City may, in its sole discretion, allow for a corresponding transfer of Expected Maximum Facilities Special Tax Revenues between the Tax Zones. Such a transfer shall only be allowed if (i) all adjustments are agreed to in writing by the affected property owners and the City, and (ii) there is no reduction in the total Expected Maximum Facilities Special Tax Revenues as a result of the transfer. After such a transfer, the Administrator shall update Attachment 2 to reflect the revised Expected Maximum Facilities Special Tax Revenues for each Tax Zone.

6. *Reduction in Maximum Facilities Special Tax*

The Base Facilities Special Tax for one or more Tax Zones shall be reduced prior to the First Bond Sale if the City reasonably determines based on a Price Point Study that, without a reduction in the Base Facilities Special Tax for Residential Units within those Tax Zone(s), the Total Tax Burden will exceed 1.58% of the Average Sales Price. Such determination shall be made by the City hiring, at the CFD's expense, a Price Point Consultant to prepare a Price Point Study to confirm the Average Sales Price for Residential Units within each Tax Zone. If, based on the Price Point

Study, the Administrator calculates that the Total Tax Burden for Residential Units within one or more Tax Zones will exceed 1.58% of the Average Sales Price, the Administrator and the City shall meet with the Master Developer to discuss the findings, after which point the Administrator shall reduce the Base Facilities Special Tax to the point at which the Total Tax Burden on Residential Units in each Tax Zone in the CFD is equal to 1.58% of the Average Sales Price for such Residential Units. Any such reduction shall occur at least 60 days prior to the First Bond Sale.

The Base Facilities Special Taxes set forth in Table 1 may also be (i) disproportionately reduced prior to the First Bond Sale, but not to a level that exceeds the 1.58% described in the previous paragraph, so long as the Master Developer is the owner of all Parcels in the CFD and requests a reduction in the Base Facilities Special Taxes, or (ii) proportionately or disproportionately reduced prior to the First Bond Sale, but not to a level that exceeds the 1.58% described in the previous paragraph, if the owner of any Parcel in the CFD requests a reduction in the Base Facilities Special Taxes and the owners of all Parcels in the CFD consent to such reduction by unanimous vote. Any such reduction shall occur at least 60 days prior to the First Bond Sale.

The Base 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 will not exceed 1.58% of the Average Sales Price, then there shall be no change in the Base Facilities Special Tax for Residential Units unless so requested by the Master Developer.

E. METHOD OF LEVY OF THE SPECIAL TAXES

1. Facilities Special Tax

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

- Step 1:** 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 prior to applying any Capitalized Interest that is available in the CFD accounts.
- Step 2:** If additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Facilities Special Tax for each Parcel of Final Map Property until the amount levied is equal to the Facilities Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the

Maximum Facilities Special Tax for each Parcel of Undeveloped Property 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 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 5: If additional revenue is needed after Step 4, 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 until the amount levied is equal to the Facilities Special Tax Requirement.

Step 6: If additional revenue is needed after Step 5, 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 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 the Services Special Tax shall be levied according to the steps outlined below.

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 of Developed Property 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, the Services Special Tax shall be levied Proportionately on each Parcel of Final Map Property up to 100% of the Maximum Services Special Tax for each Parcel of Final Map Property 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 Services Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Services Special Tax for Undeveloped Property 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 are permitted as set forth in Section H below and provided further that the City may directly bill the Special Taxes, 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 Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid. However, in no event shall Facilities Special Taxes be levied after Fiscal Year 2063-64. Under no circumstances may the Facilities Special Tax on a Parcel of Developed Property in 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 in perpetuity.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied in any Fiscal Year on the following:

- i. Public Property, except Taxable Public Property.
- ii. Owners Association Property, except Taxable Owners Association Property.
- iii. Welfare Exemption Property, except Taxable Welfare Exemption Property.
- iv. Affordable Housing Units, except as otherwise provided in Section D.4
- v. The Exempt Affordable Units Parcel, except as otherwise provided in Section D.3
- vi. Parcels that are owned by a public utility for an unmanned facility.
- vii. Parcels that are subject to an easement that precludes any other use on the Parcel.
- viii. For purposes of levying the Facilities Special Tax, Parcels that have fully prepaid the Facilities Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below. Such Parcels shall still be subject to the levy of the Services Special Tax.

H. PREPAYMENTS

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 Requirement” means either \$32.5 million in 2023 dollars, which shall increase on January 1, 2024, and on each January 1 thereafter by two percent (2%) of the amount in effect in the prior year, or such other number as shall be determined by the City as sufficient to fund improvements that are authorized to be funded by the CFD. The Public Facilities Requirements shown above may be adjusted each time property annexes into the CFD or there is an adjustment to the Expected Maximum Facilities Special Tax Revenues due to a Land Use Change or prepayment.

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Previously Issued Bonds, developer equity, and any other source of funding.

1. Full Prepayment

The Facilities Special Tax obligation applicable to a Parcel in the CFD may be prepaid and the obligation of the Parcel to pay the Facilities 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 Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Facilities 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 Parcel. Prepayment must be made not less than 60 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Facilities Special Taxes. 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
<u>less</u>	<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. Compute the amount that could be collected from the Parcel prepaying the Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City by applying the Base Facilities Special Tax to the Expected Land Uses for the Parcel. If this Section H is being applied to calculate a prepayment pursuant to Section D above, 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 for purposes of this Step 1.

Step 2. Divide the Maximum Facilities Special Tax computed pursuant to Step 1 for such Parcel by the total Expected Maximum Facilities Special Tax

Revenues for all property in the CFD, as shown in Attachment 2 and as adjusted by the Administrator after prepayments or Land Use Changes.

- 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 first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest payment date after the prepayment has been received, 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 and to the extent so provided in the Bond 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 Facilities 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 Improvement Fund. The amount computed pursuant to Step 10 shall be retained in the account or fund that is established to pay Administrative Expenses.

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

3. Maintaining Required Coverage

Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Facilities Special Tax revenue that could be collected from Taxable Property that remains subject to the Facilities Special Tax after the proposed prepayment would be less than the Required Coverage on Bonds that will 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 RMA

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

**City of Dublin
Community Facilities District No. 2023-1
(East Ranch)**

Identification of Tax Zones and Expected Lot Layout

Attachment 1

LEGEND

- 1 NEIGHBORHOOD
- TAX ZONE 1
- TAX ZONE 2
- TAX ZONE 3
- TAX ZONE 4
- TAX ZONE 5
- TAX ZONE 6
- INDICATES AFFORDABLE UNITS



SHEET 1 OF 1

ATTACHMENT 1
IDENTIFICATION OF TAX ZONES
AND AFFORDABLE UNITS

DUBLIN CALIFORNIA

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PLEASANTON OFFICE	N.T.S.	DATE	JOB NO.
		09/27/2023	19143-T

ATTACHMENT 2

City of Dublin Community Facilities District No. 2023-1 (East Ranch)

Expected Land Uses and Expected Maximum Facilities Special Tax Revenues

Tax Zone and Land Use Category	Expected Land Uses	Base Facilities Special Tax (FY 2023-24) *	Expected Maximum Facilities Special Tax Revenues (FY 2023-24) *
<u>Tax Zone 1</u>			
Single Family Property	99 Residential Units	\$5,850 per Res.Unit	\$579,150
Affordable Housing Units	2 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$28,741 per Acre	\$0
<u>Tax Zone 2</u>			
Single Family Property	96 Residential Units	\$4,600 per Res.Unit	\$441,600
Affordable Housing Units	2 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$35,934 per Acre	\$0
<u>Tax Zone 3</u>			
Single Family Property	85 Residential Units	\$4,400 per Res.Unit	\$374,000
Affordable Housing Units	6 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$28,679 per Acre	\$0
<u>Tax Zone 4</u>			
Single Family Property	85 Residential Units	\$3,750 per Res.Unit	\$318,750
Affordable Housing Units	0 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$33,034 per Acre	\$0
<u>Tax Zone 5</u>			
Single Family Property	94 Residential Units	\$3,300 per Res.Unit	\$310,200
Affordable Housing Units	4 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$37,882 per Acre	\$0
<u>Tax Zone 6</u>			
Single Family Property	96 Residential Units	\$2,000 per Res.Unit	\$192,000
Affordable Housing Units	4 Residential Units	\$0 per Res.Unit	\$0
Other Property	0 Acres	\$38,373 per Acre	\$0
Expected Maximum Facilities Special Tax Revenues (FY 2023-24 \$)			\$2,215,700

* On July 1, 2024, and each July 1 thereafter, all dollar amounts shown above shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.