

EXHIBIT B

CITY OF MODESTO COFFEE-CLARATINA COMMUNITY FACILITIES DISTRICT No. 2000-2

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax applicable to each Assessor's Parcel in Coffee-Claratina Community Facilities District No. 2000-2 (herein "CFD No. 2000-2") shall be levied and collected according to the tax liability determined by the City Council of the City of Modesto, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2000-2, unless exempted by law or by the provisions of Section E below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2000-2 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

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 Subdivision Map, parcel map, or other recorded County parcel map.

"Annual Special Tax" means a special tax levied in any Fiscal Year to pay the Maintenance Special Tax Requirement.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County of Stanislaus designating parcels by Assessor's Parcel Number.

"City" means the City of Modesto.

"City Council" means the City Council of the City of Modesto, acting as the legislative body of CFD No. 2000-2.

"Developed Property" means, in any Fiscal Year, all Taxable Property for which a final building permit inspection was conducted or a certificate of occupancy issued prior to June 1 of the preceding Fiscal Year.

“District Administrator” means the individual(s) designated by the City Council to administer the CFD in accordance with the authority and powers granted by the City Council to said individual(s).

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

“Maintenance Special Tax Requirement” means the amount necessary in any Fiscal Year to (i) pay for authorized maintenance expenses, (ii) pay administrative expenses of CFD No. 2000-2, (iii) cure any delinquencies in the payment of Annual Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Annual Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, and (iv) maintain a reasonable reserve, as determined by the District Administrator, for unforeseen expenses, cost overruns, etc.

“Maximum Annual Special Tax” means the maximum Annual Special Tax determined in accordance with Section C below, that can be levied on Taxable Property in any Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Annual Special Tax levied in any Fiscal Year to the Maximum Annual Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Annual Special Tax to the Maximum Annual Special Tax is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Agency” means the federal government, State of California or other local governments or public agencies.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2000-2 which are not exempt from the Annual Special Tax pursuant to law or Section E below.

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

B. CATEGORIZATION OF PARCELS

Each Fiscal Year, the District Administrator shall identify the current Assessor’s Parcel number for each Assessor’s Parcel within the CFD, and shall categorize each Parcel of Taxable Property as Developed Property or Undeveloped Property. The District Administrator shall also identify the current Acreage of each Parcel by reference to the Stanislaus County Assessor’s Parcel Maps.

C. MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax for all Parcels of Taxable Property within CFD No. 2000-2 for Fiscal Year 2001-02 is \$2,467.12 per Acre. Beginning in January 2002, the Maximum Annual Special Tax shall be adjusted annually by applying the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Special Tax shall become effective on the subsequent July 1.

D. METHOD OF LEVY AND COLLECTION OF THE SPECIAL TAX

Each Fiscal Year, the District Administrator shall determine the Maintenance Special Tax Requirement for that Fiscal Year. The Annual Special Tax shall then be levied on all Parcels of Taxable Property as follows:

- Step 1:** The Annual Special Tax shall be levied Proportionately on each Parcel of Developed Property up to 100% of the Maximum Annual Special Tax for Taxable Property for such Fiscal Year determined pursuant to Section C;
- Step 2:** If additional revenues are needed to meet the Maintenance Special Tax Requirement after Step 1, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property within the CFD, up to 100% of the Maximum Annual Special Tax for Taxable Property for such Fiscal Year determined pursuant to Section C.

The Annual Special Tax for CFD No. 2000-2 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes provided, however, that CFD No. 2000-2 may (under the authority of Government Code Section 53340) in any particular case bill the taxes directly to the property owner, off the County tax roll, and the Annual Special Tax will be equally subject to foreclosure if delinquent.

E. LIMITATIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Annual Special Tax shall be levied on land that has been conveyed to a Public Agency, except as otherwise provided in Sections 53317.3 and 53317.5 of the Mello-Roos Community Facilities Act of 1982.

F. ENFORCEMENT

If any delinquent Annual Special Taxes are billed off the County tax roll, such Annual Special Taxes shall be subject to an immediate 10% penalty plus interest charges of 1 1/2% as of the first day of the month after the delinquency date and on the first day of each month thereafter. Any such delinquent special taxes shall, at the City's discretion, be placed on the next secured property tax roll. The amount placed on the roll shall include the 10% penalty and the interest charges through the following December 1. This shall not prevent the City from simultaneously pursuing the delinquency by an action on a contract or guarantee against a third party who promised to pay the taxes, or from assigning such right of action to the property owner or other appropriate party.

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