

**IMPROVEMENT AREA NO. 1 OF THE  
CITY OF MODESTO  
COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(TIVOLI)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

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Special Taxes applicable to each Assessor’s Parcel in Improvement Area No. 1 of the City of Modesto Community Facilities District No. 2024-1 (Tivoli) 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 Improvement Area No. 1, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed into Improvement Area No. 1 unless a separate Rate and Method of Apportionment 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 Map or other Development Plan.

**“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 California Government Code.

**“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. 1, 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 Improvement Area No. 1 and the CFD.

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

**“Annual Facilities Special Tax”** means a special tax levied in any Fiscal Year to pay the Annual Facilities Special Tax Requirement, as defined below.

**“Annual Facilities Special Tax Requirement”** means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such

Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support, and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Facilities and Authorized Services, so long as such levy under this clause (vi) does not increase the Special Tax levied on Undeveloped Property. The amounts referred to in clauses (i) and (ii) of the definition of Special Tax Requirement may be reduced in any Fiscal Year by: (a) 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 such costs pursuant to the Indenture; (b) in the sole and absolute discretion of the City, proceeds received from the collection of penalties associated with delinquent Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of the City.

**“Annual Maintenance Special Tax”** means a special tax levied in any Fiscal Year to pay the Annual Maintenance Special Tax Requirement, as defined below.

**“Annual Maintenance Special Tax Requirement”** means the amount of revenue needed in any Fiscal Year to pay for: (i) Authorized Services, (ii) establishment of reserves, (iii) Administrative Expenses, and (iv) amounts needed to cure any delinquencies in the payment of Annual Maintenance Special Taxes which have occurred in prior Fiscal Years.

**“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.

**“Assessor’s Parcel Number”** means a unique number assigned to an Assessor’s Parcel by the County Assessor for purposes of identifying a property.

**“Authorized Facilities”** means the public facilities authorized to be funded by the CFD as set forth in the documents adopted by the City Council when the CFD was formed.

**“Authorized Services”** means the public services authorized to be funded by the CFD as set forth in the documents adopted by the City Council when the CFD was formed.

**“Bonds”** means bonds or other debt (as defined in the Act), whether in one or more series, secured by the Annual 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.

**“Certificate of Occupancy”** means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a building or a portion of a building has met all of the building codes and can be occupied for residential and/or non-residential use.

**“CFD”** means the City of Modesto Community Facilities District No. 2024-1 (Tivoli).

**“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 Modesto.

**“City Council”** means the City Council of the City of Modesto, acting as the legislative body of the CFD.

**“County”** means the County of Stanislaus.

**“Density Category”** means, individually, Very Low Density Residential Property, Low Density Residential Property, Medium Density Residential Property, or Medium High Density Residential Property.

**“Developed Property”** means, in any Fiscal Year, the following:

*For purposes of levying the Annual Maintenance Special Tax and Annual Facilities Special Tax:*

- for Single Family Detached Property, all Parcels for which a Final Map was recorded prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2023;
- for Multi-Family Property, all Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2023; and
- for Non-Residential Property, all Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2023.

*For purposes of levying the One-Time Facilities Special Tax,* all Parcels for which a Certificate of Occupancy was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2023.

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

**“Escalation Factor”** means, in any Fiscal Year, 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%).

**“Expected Land Uses”** means the Net Taxable Acreage of each Land Use Class expected on an Original Parcel based on reference to the Land Use Diagram and Attachment 2 hereto, the latter of which will be updated with each annexation of property into Improvement Area No. 1.

**“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.

**“First Bond Sale”** means issuance of the first series of Bonds secured, in whole or in part, by Annual Facilities Special Taxes levied and collected from Parcels of Taxable Property in Improvement Area No. 1.

**“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 the CFD, 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.

**“Improvement Area No. 1”** means Improvement Area No. 1 of the CFD.

**“Indenture”** means an indenture, fiscal agent agreement, or other agreement authorizing issuance of the Bonds.

**“Land Use Class”** means one of the five mutually-exclusive land use classes identified in Table 1 and Table 2 in Section C below. The City shall, in its sole discretion, determine the appropriate Land Use Class for a Parcel of Taxable Property.

**“Land Use Diagram”** means the exhibit in the Tivoli Specific Plan entitled “Tivoli Specific Plan Land Use Diagram”, as may be amended from time to time. The Land Use Diagram at CFD Formation is included as Attachment 1 hereto.

**“Low Density Residential Property”** means all Parcels of Taxable Property that are developed or expected to be developed at an average density range of 4 to 6 dwelling units per gross acre. Such Parcels are identified by an LDR designation in the Land Use Diagram.

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

**“Maximum Annual Facilities Special Tax Revenues”** means the aggregate amount that could be generated at any point in time if the Maximum Annual Facilities Special Tax was levied and collected on all Parcels of Taxable Property in Improvement Area No. 1.

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

**“Maximum One-Time Facilities Special Tax”** means the greatest amount of One-Time Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

**“Maximum Special Taxes”** means, collectively for any Parcel, the Maximum One-Time Facilities Special Tax, Maximum Annual Facilities Special Tax, and Maximum Annual Maintenance Special Tax.

**“Medium Density Residential Property”** means all Parcels of Taxable Property that are developed or expected to be developed at an average density range of 7 to 17 dwelling units per gross acre. Such Parcels are identified by an MDR designation in the Land Use Diagram.

**“Medium High Density Residential Property”** means all Parcels of Taxable Property that are developed or expected to be developed at an average density range of 18 to 24 dwelling units per gross acre. Such Parcels are identified by an MDHR designation in the Land Use Diagram. For purposes of this RMA, Medium High Density Residential Property shall also include any property that is zoned at an average density range higher than 18 to 24 dwelling units per acre, regardless of the designation that is assigned to such Parcel(s).

**“Multi-Family Property”** means all Parcels of Developed Property for which Building Permits have been issued for construction of a residential structure consisting of two or more residential units that share common walls, including but not limited to, townhomes, condominiums, duplexes, triplexes, fourplexes, and apartment units. If a Building Permit has not yet been issued on the Parcel, the Administrator shall reference the Tivoli Specific Plan and/or the Parcel’s zoning designation to determine whether the Parcel is Multi-Family Property.

**“Net Taxable Acreage”** or **“Net Taxable Acre”** means the total acreage within a Final Map or Parcel less arterial road right-of-ways and property that is defined in the Final Map for use as a park site, school site, or City-owned storm drainage basin. If a Subdivision Map is recorded which is not a Final Map for some or all Parcels created by the subdivision, the Administrator shall calculate the Net Taxable Acreage of such unsubdivided Parcels by identifying the Acreage of the Parcel and (i) adding a portion of the acreage of any non-arterial right-of-way that fronts the Parcel determined by drawing lines at right angles to the right-of-way, and (ii) subtracting a portion of the acreage of any arterial right-of-way that fronts the Parcel determined by drawing lines at right angles to the right-of-way. The Net Taxable Acreage of a Parcel or Final Map shall be determined in the sole discretion of the City.

**“Non-Residential Property”** means any Parcel of Taxable Property in the CFD that does not fit within the definition of Residential Property, Taxable Owners Association Property, Taxable Public Property, or Taxable Welfare Exemption Property, as determined by the Administrator.

**“One-Time Facilities Special Tax”** means a Special Tax levied and collected in full by the City prior to issuance of a Certificate of Occupancy for a Parcel of Taxable Property.

**“Original Parcel”** means an Assessor’s Parcel in Improvement Area No. 1 at the time of CFD Formation, or added to Improvement Area No. 1 upon annexation, as identified in Attachment 3 (which shall be updated after each annexation). A Successor Parcel that is being further subdivided shall also be considered an Original Parcel for purposes of determining the Maximum Special Taxes pursuant to Section C below.

**“Owners Association”** means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within Improvement Area No. 1.

**“Owners Association Property”** means any property within the boundaries of Improvement Area No. 1 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.

**“Per-Acre Special Taxes”** means the per-acre Special Taxes identified in Table 1 and Table 2 in Section C below.

**“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 Improvement Area No. 1 that is owned by the federal government, State of California, County, City, or other public agency.

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

**“Required Coverage”** means the amount by which the Maximum Annual 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 Property”** in any Fiscal Year means, collectively, all Very Low Density Residential Property, Low Density Residential Property, Medium Density Residential Property, and Medium High Density Residential Property.

**“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.

**“Special Taxes”** means, collectively, the One-Time Facilities Special Tax, the Annual Facilities Special Tax, and the Annual Maintenance Special Tax.

**“Special Tax Category”** means, individually, the One-Time Facilities Special Tax, the Annual Facilities Special Tax, and the Annual Maintenance Special Tax.

**“Subdivision Map”** means a Final Map, large lot subdivision map, or other map recorded with the County that results in the subdivision of an Original Parcel into two or more Successor Parcels.

**“Successor Parcel”** means an Assessor’s Parcel of Taxable Property created by the subdivision or reconfiguration of an Original Parcel on which construction of a residential or non-residential structure is permitted.

**“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, 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 Special Tax because it is Owners Association Property, the Maximum Annual Facilities Special Tax Revenues would be reduced to a point at which Required Coverage could not be maintained.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of Improvement Area No. 1 that are not exempt from the Special Taxes pursuant to law or Section H 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, 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 Special Tax because it is Public Property, the Maximum Annual 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, 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 Special Tax because it has become Welfare Exemption Property, the Maximum Annual 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.

**“Tivoli Specific Plan”** means the specific plan for development within the Tivoli project that was originally adopted by the City Council on February 26, 2008, further updated on September 27, 2016, and as may be amended from time to time.

**“Transition Event”** shall be deemed to have occurred when the Administrator determines that the following events have occurred: (i) all Bonds secured by the levy and collection of Facilities Special Taxes in the CFD have been fully repaid; (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City; and (iii) there are no other Authorized Facilities that the City intends to fund with Bonds or Facilities Special Taxes.

**“Transition Year”** means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

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

**“Very Low Density Residential Property”** means all Parcels of Taxable Property that are developed or expected to be developed as large lot, rural-oriented estate homes with an average density range of 1 to 3 dwelling units per acre. Such Parcels are identified by a VLDR designation in the Land Use Diagram.

**“Welfare Exemption Property”** means, in any Fiscal Year, any Parcels in Improvement Area No. 1 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 ANNUAL ADMINISTRATION**

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel Numbers for all Parcels of Taxable Property in Improvement Area No. 1. The Administrator shall also: (i) assign each Parcel of Taxable Property to the appropriate Development Class; (ii) categorize each Parcel of Residential Property into the appropriate Density Category; (iii) determine the Net Taxable Acreage of each Parcel; (iv) determine the Annual Facilities Special Tax Requirement and Annual Maintenance Special Tax Requirement, and (v) determine whether the Transition Event has occurred in a prior Fiscal Year.

In any Fiscal Year, if it is determined that: (i) a Subdivision Map for property in Improvement Area No. 1 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 Subdivision Map was recorded, the Assessor does not yet recognize the new Parcels created by the Subdivision 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 Subdivision 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 Subdivision Map.

## **C. MAXIMUM SPECIAL TAXES**

The Administrator shall use the procedures set forth below to calculate the Maximum Special Taxes for each Parcel in Improvement Area No. 1 in each Fiscal Year. The Per-Acre Special Taxes set forth in Table 1 and Table 2 below shall be used for purposes of Sections C.1 and C.2 below:

**Table 1**  
**Per-Acre Special Taxes Prior to the Transition Year**  
**Fiscal Year 2024-25 \***

<b>Land Use Class</b>	<b>Per-Acre Special Tax: One-Time Facilities Special Tax</b>	<b>Per-Acre Special Tax: Annual Facilities Special Tax</b>	<b>Per-Acre Special Tax: Annual Maintenance Special Tax</b>
Very Low Density Residential Property	\$100,000 per Net Taxable Acre	\$5,724 per Net Taxable Acre	\$5,166 per Net Taxable Acre
Low Density Residential Property	\$100,000 per Net Taxable Acre	\$10,260 per Net Taxable Acre	\$5,166 per Net Taxable Acre
Medium Density Residential Property	\$100,000 per Net Taxable Acre	\$13,725 per Net Taxable Acre	\$5,166 per Net Taxable Acre
Medium High Density Residential Property	\$100,000 per Net Taxable Acre	\$13,087 per Net Taxable Acre	\$5,166 per Net Taxable Acre
Non-Residential Property	\$100,000 per Net Taxable Acre	\$7,375 per Net Taxable Acre	\$5,166 per Net Taxable Acre

\* All Per-Acre Special Taxes shown in Table 1 are subject to the annual adjustments described in Section D below.

**Table 2**  
**Per-Acre Special Taxes In and After the Transition Year**  
**Fiscal Year 2024-25 \***

<b>Land Use Class</b>	<b>Per-Acre Special Tax: One-Time Facilities Special Tax</b>	<b>Per-Acre Special Tax: Annual Facilities Special Tax</b>	<b>Per-Acre Special Tax: Annual Maintenance Special Tax</b>
Very Low Density Residential Property	\$100,000 per Net Taxable Acre	\$0 per Net Taxable Acre	\$6,597 per Net Taxable Acre
Low Density Residential Property	\$100,000 per Net Taxable Acre	\$0 per Net Taxable Acre	\$7,731 per Net Taxable Acre
Medium Density Residential Property	\$100,000 per Net Taxable Acre	\$0 per Net Taxable Acre	\$8,597 per Net Taxable Acre
Medium High Density Residential Property	\$100,000 per Net Taxable Acre	\$0 per Net Taxable Acre	\$8,438 per Net Taxable Acre
Non-Residential Property	\$100,000 per Net Taxable Acre	\$0 per Net Taxable Acre	\$7,010 per Net Taxable Acre

\* All Per-Acre Special Taxes shown in Table 2 are subject to the annual adjustments described in Section D below.

*1. Original Parcels*

The Maximum Special Taxes prior to the Transition Year for each Land Use Class expected on the Original Parcels as of CFD Formation are identified in Attachment 2, which will be updated by the Administrator as needed to reflect Original Parcels added to Improvement Area No. 1 due to annexations. Until an Original Parcel is subdivided, the Maximum Special Taxes shown in Attachment 2 (escalated as set forth herein) shall be the Maximum Special Taxes for the Parcel unless the zoning on the Original Parcel changes to a Land Use Class that has higher Per-Acre Special Taxes based on reference to Table 1 and Table 2 above. Upon approval of such a change in zoning by the City Council, the Administrator shall multiply the applicable Per-Acre Special Taxes by the Net Taxable

Acreage of each Land Use Class that is expected on the Parcel based on the rezone. The Administrator shall then update Attachment 2 to reflect the higher Maximum Special Taxes for the Parcel. If a rezone results in a Land Use Class that has a lower Per-Acre Special Tax than the previous Expected Land Uses, there shall be no corresponding reduction in the Maximum Special Taxes for the Parcel. The potential reduction in Maximum Special Tax revenues must be considered separately for each Special Tax Category. If the rezone would cause a reduction in the Maximum Special Tax revenues in any Special Tax Category, the Maximum Special Tax identified for that Special Tax Category shall remain the same as originally assigned to the Original Parcel.

2. *Successor Parcels*

**a. All Successor Parcels are SFD Lots**

If all Parcels created by a recorded Subdivision Map are SFD Lots, the Administrator shall apply the following steps to allocate the Maximum Special Taxes for the Original Parcel to each of the Successor Parcels created by the subdivision:

**Step 1.** Determine the greater of: (i) the sum of the Maximum Special Taxes assigned to each Expected Land Use for the Original Parcel, or (ii) the sum of the Net Taxable Acreage of each Density Category within the Subdivision Map multiplied by the Per-Acre Special Taxes for each Density Category.

**Step 2.** Separately for each Density Category created by the Subdivision Map, divide the Maximum Special Taxes from Step 1 by the number of Successor Parcels to determine the Maximum Special Taxes for each SFD Lot.

**b. No Successor Parcels are SFD Lots**

If none of the Successor Parcels created by recordation of a Subdivision Map are SFD Lots, the Administrator shall apply the following steps to allocate the Maximum Special Taxes assigned to the Original Parcel to each of the Successor Parcels:

**Step 1.** Identify the Expected Land Uses for the Original Parcel.

**Step 2.** Determine the Net Taxable Acreage within each Land Use Class created by the Subdivision Map.

**Step 3.** If the Net Taxable Acreage of each Land Use Class from Step 2 is the same as the Expected Land Uses, the Maximum Special Taxes assigned to each of the Expected Land Uses on the Original Parcel shall be allocated to the Successor Parcels based on the Acreage of each Land Use Class that occurs on each Successor Parcel.

**Step 4.** If the Net Taxable Acreage within each Land Use Class from Step 2 is different than the Expected Land Uses for the Original Parcel, the Administrator shall apply the following steps **separately for each Special Tax Category**:

**Step 4a.** Multiply the applicable Per-Acre Special Tax by the Net Taxable Acreage of each Land Use Class created by the Subdivision Map.

**Step 4b.** If the amount calculated in Step 4a is *greater than* the Maximum Special Tax assigned to the Original Parcel, multiply the Net Taxable Acreage of each Land Use Class on each Successor Parcel by the applicable Per-Acre Special Tax from Table 1 (pre-Transition Year) and Table 2 (in and after Transition Year) above to determine the Maximum Special Tax for each Successor Parcel.

**Step 4c.** If the amount calculated in Step 4a is *less than* the Maximum Special Tax assigned to the Original Parcel: (i) identify the Maximum Special Tax that was assigned to each of the Expected Land Uses on the Parcel, (ii) divide the Maximum Special Tax for each Land Use Class by the Net Taxable Acreage of each Land Use Class actually created by the Subdivision Map, and (iii) multiply the per-acre Maximum Special Tax calculated in (ii) by the Net Taxable Acreage of each Land Use Class on each Successor Parcel to determine the Maximum Special Tax for each Parcel.

If the Land Use Classes on a Successor Parcel or Parcels are different than the Expected Land Uses for that Parcel(s) and such difference would result in a reduction in the Maximum Special Tax assigned to the Original Parcel for any Special Tax Category, the Maximum Special Tax assigned to the Original Parcel shall either be distributed equally on a per-acre basis to the Successor Parcels or, if multiple Land Use Classes are created by the Subdivision Map, the Maximum Special Tax from the Original Parcel shall be distributed to each Land Use Class so that the per-acre tax for each Land Use Class has the same proportional relationship as the Per-Acre Special Taxes in Table 1 and Table 2 above.

**c. Some, But Not All, Successor Parcels are SFD Lots**

If a Subdivision Map divides an Original Parcel into Successor Parcels, of which some are SFD Lots and some are not, the Administrator shall (i) break out the aggregate Net Taxable Acreage of all SFD Lots separately from the Net Taxable Acreage of other Land Use Classes, (ii) for the aggregate Net Taxable Acreage of the SFD Lots, apply the steps in Section C.2a to determine the Maximum Special Taxes for each SFD Lot, and (iii) apply the steps in Section C.2b above to determine the Maximum Special Taxes for the other Land Use Classes on the Parcel.

If, after subdivision of an Original Parcel, a Successor Parcel is further subdivided, the Successor Parcel shall be treated as an Original Parcel for purposes of allocating Maximum Special Taxes pursuant to Section C.2a, C.2b, or C.2c, as appropriate. After each reallocation of the Maximum

Special Taxes upon subdivision or reconfiguration of Original Parcels, the sum of the Maximum Special Taxes assigned to Successor Parcels shall never be less, but may be more, than the Maximum Special Taxes assigned to the Original Parcels prior to such reallocation.

**D. CHANGES TO THE MAXIMUM SPECIAL TAXES**

*1. Escalation of Special Taxes*

**1a. One-Time Special Tax**

On July 1, 2025 and on each July 1 thereafter, the Maximum One-Time Facilities Special Tax assigned to each Parcel and the Per-Acre Special Tax shown in Table 1 and Table 2 above shall be adjusted annually by the Escalation Factor.

**1b. Annual Facilities Special Tax**

On July 1, 2025 and on each July 1 thereafter, the Maximum Annual Facilities Special Tax assigned to each Parcel and the Per-Acre Special Tax shown in Table 1 and Table 2 above shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.

**1c. Annual Maintenance Special Tax**

On July 1, 2025 and on each July 1 thereafter, the Maximum Annual Maintenance Special Tax assigned to each Parcel and the Per-Acre Special Tax shown in Table 1 and Table 2 above shall be adjusted annually by the Escalation Factor. Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1.

*2. Partial Prepayment of Maximum Annual Facilities Special Tax*

If a Parcel makes a partial prepayment of the Annual Facilities Special Tax pursuant to Section I below, the Administrator shall recalculate the Maximum Annual Facilities Special Tax for the Parcel pursuant to Section I. In addition, the Administrator shall update Attachment 2 to reflect the prepayment and the revised Maximum Annual Facilities Special Tax Revenues for Improvement Area No. 1. Such updates shall be maintained internally by the Administrator and shall not require recordation of an amended RMA. After the prepayment has been received, the application of Sections F and I of this RMA shall be based on the adjusted Expected Maximum Annual Facilities Special Tax Revenues after the prepayment.

*3. Conversion of a Parcel of Public Property to Private Use*

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Taxes, and the Administrator shall determine the appropriate Maximum Special Taxes for the Parcel based on the Net Taxable Acreage of the Parcel.

## **E. ANNEXATIONS**

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into Improvement Area No. 1, 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 Land Use Classes that are expected within the area to be annexed.
- Step 2.** The Administrator shall prepare and keep on file an updated Attachment 2 that identifies the Assessor's Parcel Number(s), Expected Land Use, Expected Net Taxable Acreage, One-Time Facilities Special Tax, Maximum Annual Facilities Special Tax, and Maximum Annual Maintenance Special Tax for the annexed property.
- Step 3.** The Administrator shall prepare and keep on file an updated Attachment 3 that adds the Assessor's Parcel(s) in the annexed area to the Original Parcels in Improvement Area No. 1.
- Step 4.** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to Improvement Area No. 1.
- Step 5.** 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 Annual Facilities Special Tax capacity from the annexed area. The adjusted Public Facilities Requirement shall be calculated by (i) dividing the increased Maximum Annual Facilities Special Tax Revenues that can be collected after the annexation by the Maximum Annual Facilities 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.

## **F. METHOD OF LEVY OF THE SPECIAL TAXES**

### *1. One-Time Facilities Special Tax*

The Maximum One-Time Facilities Special Tax determined pursuant to Sections C and D above shall be levied on all Taxable Property in Improvement Area No. 1 and shall be collected as set forth in Section G below.

### *2. Annual Facilities Special Tax*

Each Fiscal Year until the Transition Year, the Administrator shall determine the Annual Facilities Special Tax Requirement for the Fiscal Year and levy the Annual Facilities Special Tax on all Parcels of Taxable Property as follows:

- Step 1:** The Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property within Improvement Area No. 1 up to 100% of

the Maximum Annual Facilities Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Annual 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, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Welfare Exemption Property up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Welfare Exemption Property for such Fiscal Year until the amount levied is equal to the Annual Facilities Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Owners Association Property until the amount levied is equal to the Annual Facilities Special Tax Requirement.
- Step 4:** If additional revenue is needed after Step 3, the Annual Facilities Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property up to 100% of the Maximum Annual Facilities Special Tax for each Parcel of Taxable Public Property until the amount levied is equal to the Annual Facilities Special Tax Requirement.

**No Annual Facilities Special Tax shall be levied in any Fiscal Year on Parcels of Undeveloped Property.**

### *3. Annual Maintenance Special Tax*

Each Fiscal Year, the Administrator shall determine the Annual Maintenance Special Tax Requirement for the Fiscal Year and levy the Annual Maintenance Special Tax on Parcels of Taxable Property as follows:

- Step 1:** The Annual Maintenance Special Tax shall be levied Proportionately on each Parcel of Developed Property within Improvement Area No. 1 up to 100% of the Maximum Annual Maintenance Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Annual Maintenance Special Tax Requirement.
- Step 2:** If additional revenue is needed after Step 1, the Annual Maintenance Special Tax shall be levied Proportionately on each Parcel of Taxable Welfare Exemption Property up to 100% of the Maximum Annual Maintenance Special Tax for each Parcel of Taxable Welfare Exemption Property for such Fiscal Year until the amount levied is equal to the Annual Maintenance Special Tax Requirement.
- Step 3:** If additional revenue is needed after Step 2 the Annual Maintenance Special Tax shall be levied Proportionately on each Parcel of Taxable Owners Association Property up to 100% of the Maximum Annual Maintenance

Special Tax for each Parcel of Taxable Owners Association Property until the amount levied is equal to the Annual Maintenance Special Tax Requirement.

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

**No Annual Maintenance Special Tax shall be levied in any Fiscal Year on Parcels of Undeveloped Property.**

#### **G. MANNER OF COLLECTION OF SPECIAL TAXES**

The Maximum One-Time Facilities Special Tax shall be collected prior to a Certificate of Occupancy being issued for any residential or non-residential structure on Taxable Property within Improvement Area No. 1 and shall be immediately delinquent if not so paid.

The Annual Facilities Special Tax and Annual Maintenance 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, collect at a different time or in a different manner, and/or collect delinquent Annual Facilities Special Taxes and Annual Maintenance Special Taxes through foreclosure or other available methods.

The Annual Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Annual Facilities Special Tax proceeds have been paid, and all Administrative Expenses have been reimbursed. However, in no event shall Annual Facilities Special Taxes be levied after Fiscal Year 2074-75. The Annual Maintenance Special Tax shall be levied in perpetuity unless and until the City determines that the Annual Maintenance Special Tax is no longer needed to pay for Authorized Services. Under no circumstances may the Annual 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 Annual 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.

#### **H. EXEMPTIONS**

Notwithstanding any other provision of this RMA, no One-Facilities Special Tax or Annual Facilities Special Tax 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, and (iv) Parcels of Undeveloped Property. In addition, no Annual Facilities Special Tax shall be levied on (i) Parcels that are owned by a public utility for an unmanned facility, and (ii) Parcels that are subject to an easement that precludes any other use on the Parcel.

No Annual Maintenance Special Tax shall be levied on the following: (i) Public Property, including Taxable Public Property, (ii) Owners Association Property, including Taxable Owners Association Property, and (iii) Welfare Exemption Property, including Taxable Welfare Exemption Property.

## **I. PARTIAL PREPAYMENT OF THE ANNUAL FACILITIES SPECIAL TAX**

The following definitions apply to this Section I:

**“Outstanding Bonds”** means all Previously Issued Bonds which remain outstanding, with the following exception: if an Annual Facilities Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Annual 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 \$7.3 million in 2024 dollars, which shall increase on January 1, 2025, 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 will be adjusted each time there is an annexation of property into Improvement Area No. 1.

**“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.

A property owner may prepay up to 75% of the Annual Facilities Special Tax obligation applicable to a Parcel, thereby reducing the Maximum Annual Facilities Special Tax applicable to the Parcel, provided that a prepayment may be made only if (i) there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment, and (ii) there has not in any prior Fiscal Year been a partial prepayment of the Annual Facilities Special Tax assigned to the Parcel. The Annual Maintenance Special Tax may not be prepaid. An owner of an Assessor’s Parcel intending to prepay a portion of the Annual 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 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 Annual 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
less	<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 Annual Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2.** Divide the Maximum Annual Facilities Special Tax from Step 1 by the current Maximum Annual Facilities Special Tax Revenues.
- Step 3.** Multiply the quotient computed in Step 2 by the percentage of the Maximum Annual Facilities Special Tax that the property owner wants to prepay, which percentage shall not exceed 75%.
- Step 4.** Multiply the quotient computed pursuant to Step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).
- Step 5.** Compute the current Remaining Facilities Costs (if any).
- Step 6.** Multiply the quotient computed pursuant to Step 3 by the amount determined pursuant to Step 5 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 7.** Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 8.** 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 8, 9, and 10 of this prepayment formula will not apply.
- Step 9:** 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 10:** Subtract the amount computed pursuant to Step 9 from the amount computed pursuant to Step 8 (the “*Defeasance Requirement*”).
- Step 11.** 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 12.** 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 13.** The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 10, and 11, less the amount computed pursuant to Step 12 (the “*Prepayment Amount*”).
- Step 14.** From the Prepayment Amount, the amounts computed pursuant to Steps 4, 7, and 10 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 6 shall be deposited into the Improvement Fund. The amount computed pursuant to Step 11 shall be retained in the account or fund that is established to pay Administrative Expenses.

Once a partial prepayment has been received, an Amendment to Notice of Facilities Special Tax Lien shall be recorded against the Parcel to reflect the reduced Facilities Special Tax lien for the Parcel, which shall be equal to the portion of the Maximum Annual Facilities Special Tax that was not prepaid, and the Administrator shall update Attachment 2 to show the revised Expected Maximum Annual Facilities Special Tax Revenues. However, an Amendment to Notice of Facilities 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.

If an owner that has partially prepaid the Annual Facilities Special Tax obligation assigned to a Parcel subsequently rezones the Parcel to a Land Use Class that has a higher Per-Acre Annual Facilities Special Tax, the City may, in its sole discretion and as a condition of approval of the rezoning, collect the additional Annual Facilities Special Tax prepayment that would have applied had the Parcel been rezoned at the time of the original partial prepayment for the Parcel.

Notwithstanding the foregoing, if at any point in time the Administrator determines that the Maximum Annual Facilities Special Tax Revenue that can be collected from Taxable Property that remains subject to the Annual Facilities Special Tax after the proposed prepayment is 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.

**J. INTERPRETATION OF SPECIAL TAX FORMULA**

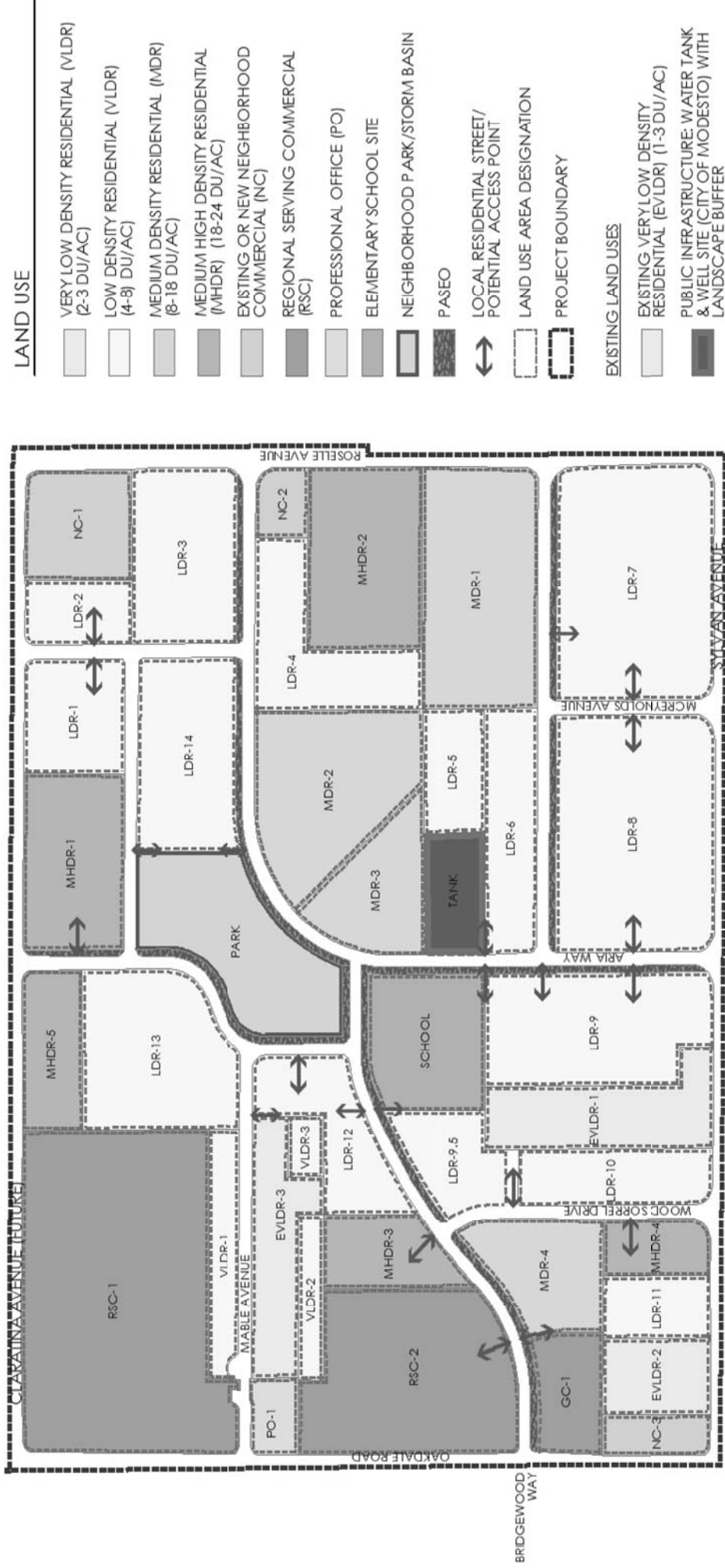
The City reserves the right to make minor administrative and technical changes to this document that does not materially affect the rates or method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations 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. 1 OF THE  
CITY OF MODESTO  
COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(TIVOLI)**

**Tivoli Specific Plan  
Land Use Diagram**

EXHIBIT 3.1 - LAND USE DIAGRAM (LUD)



**LAND USE**

- VERY LOW DENSITY RESIDENTIAL (VLDL) (2-3 DU/AC)
- LOW DENSITY RESIDENTIAL (VLDL) (4-8) DU/AC
- MEDIUM DENSITY RESIDENTIAL (MDR) (8-18 DU/AC)
- MEDIUM HIGH DENSITY RESIDENTIAL (MHDR) (18-24 DU/AC)
- EXISTING OR NEW NEIGHBORHOOD COMMERCIAL (NC)
- REGIONAL SERVING COMMERCIAL (RSC)
- PROFESSIONAL OFFICE (PO)
- ELEMENTARY SCHOOL SITE
- NEIGHBORHOOD PARK/STORM BASIN
- PASEO
- LOCAL RESIDENTIAL STREET/POTENTIAL ACCESS POINT
- LAND USE AREA DESIGNATION
- PROJECT BOUNDARY

**EXISTING LAND USES**

- EXISTING VERY LOW DENSITY RESIDENTIAL (EVLDL) (1-3 DU/AC)
- PUBLIC INFRASTRUCTURE: WATER TANK & WELL SITE (CITY OF MODESTO) WITH LANDSCAPE BUFFER

0 0.1 0.2 0.3 Miles

CREDIT: O'DELL ENGINEERING, DAHLIN GROUP

**TIVOLI SPECIFIC PLAN**  
 MODESTO, CALIFORNIA

**LAND USE DIAGRAM**  
 AMENDED 2016  
 JULY 6, 2016

**ATTACHMENT 2**

**IMPROVEMENT AREA NO. 1 OF THE  
CITY OF MODESTO  
COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(TIVOLI)**

**Maximum Special Taxes Assigned to Expected Land Uses  
Within Each Original Parcel  
Prior to the Transition Year**

<b>Event Adding Parcel to CFD</b>	<b>Assessor's Parcel Number</b>	<b>Expected Land Use /1</b>	<b>Expected Net Taxable Acreage</b>	<b>Maximum One-Time Facilities Special Tax (FY 2024-25) /2</b>	<b>Maximum Annual Facilities Special Tax (FY 2024-25) /2</b>	<b>Maximum Annual Maintenance Special Tax (FY 2024-25) /2</b>
CFD Formation	083-004-059-000	MDR	4.50	\$450,000	\$61,761	\$23,247
CFD Formation	083-004-060-000	MDR	4.78	\$478,000	\$65,604	\$24,693
CFD Formation	083-004-068-000	LDR	35.89	\$3,589,000	\$368,244	\$185,408

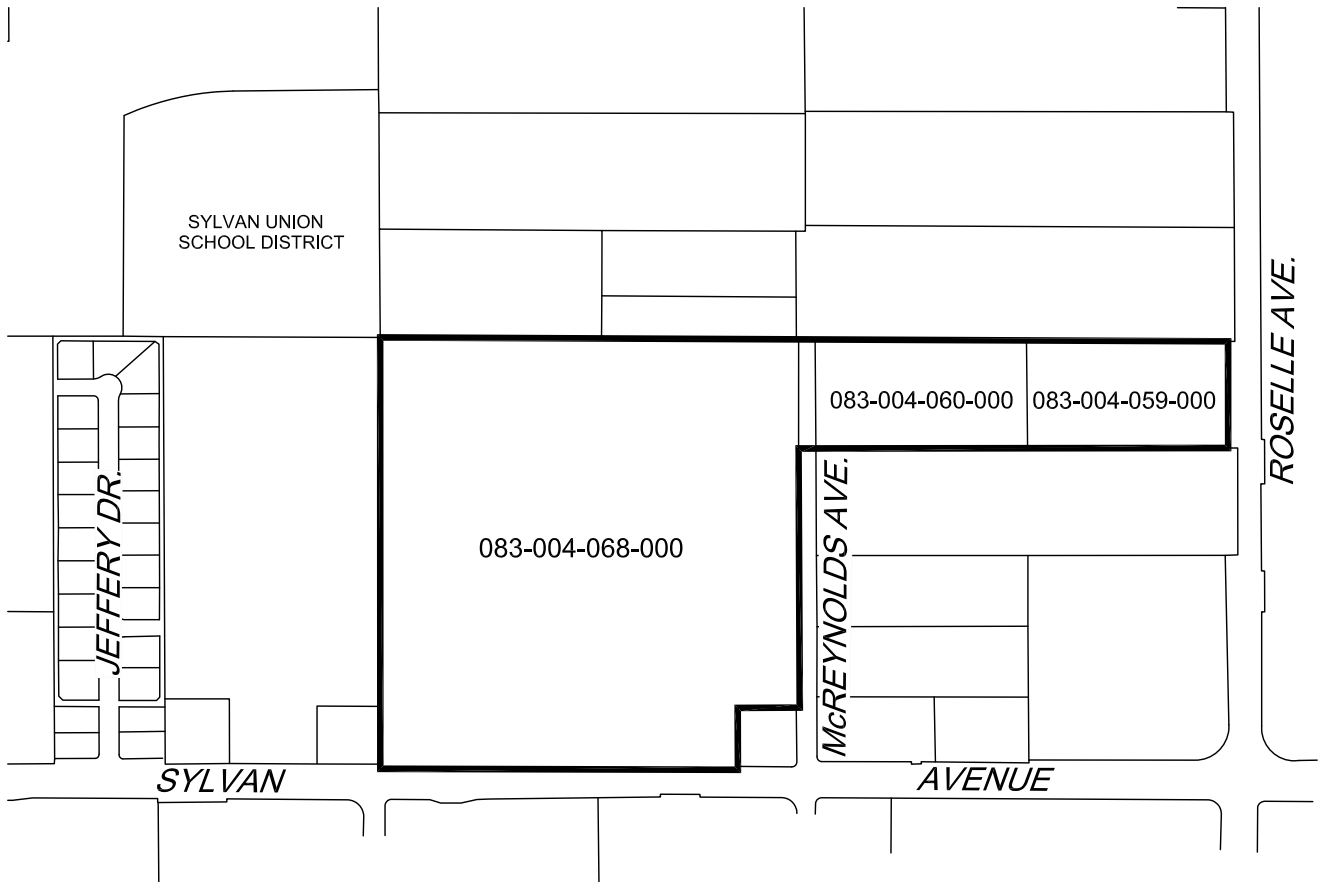
1. VLDR = Very Low Density Residential, LDR = Low Density Residential, MDR = Medium Density Residential, MHDR = Medium High Density Residential, and NR = Non-Residential
2. The Maximum Special Taxes set forth above shall be adjusted pursuant to Section D of the RMA.

**ATTACHMENT 3**

**IMPROVEMENT AREA NO. 1 OF THE  
CITY OF MODESTO  
COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(TIVOLI)**

**Original Parcels in Improvement Area No. 1**

ATTACHMENT 3  
ORIGINAL PARCELS IN CFD  
CITY OF MODESTO  
COMMUNITY FACILITIES DISTRICT NO. 2024-1  
(TIVOLI)



LEGEND

- ASSESSOR'S PARCEL LOT LINE
- 083-003-017-000 ASSESSORS PARCEL NUMBER
- COMMUNITY FACILITIES DISTRICT NO. 2024-1 AND IMPROVEMENT AREA NO. 1

**GCG**

**GOODWIN CONSULTING GROUP**