



GOODWIN CONSULTING GROUP

**CITY OF TRACY
COMMUNITY FACILITIES DISTRICT NO. 2006-01
(NEI PHASE II)**

**CFD TAX ADMINISTRATION REPORT
FISCAL YEAR 2021-22**

January 1, 2022

***Community Facilities District No. 2006-01
CFD Tax Administration Report***

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EXECUTIVE SUMMARY

The following summary provides a brief overview of the main points from this report regarding the City of Tracy Community Facilities District No. 2006-01 (NEI Phase II) (“CFD No. 2006-01” or “CFD”):

Fiscal Year 2021-22 Special Tax Levy

Number of Taxed Parcels	Total Special Tax Levy
7	\$678,156

For further detail regarding the special tax levy, or special tax rates, please refer to Section IV of this report.

Development Status for Fiscal Year 2021-22

Type of Property	Number of Acres
Developed Property	190.09 Acres
Undeveloped Property	44.16 Acres

For more information regarding the development status in CFD No. 2006-01, please see Section V of this report.

Outstanding Bonds Summary

Bonds	Original Principal	Amount Retired	Current Amount Outstanding
Special Tax Refunding Bonds, Series 2019	\$8,230,000	\$475,000*	\$7,755,000*

* As of the date of this report.

I. INTRODUCTION

City of Tracy Community Facilities District No. 2006-01 (NEI Phase II)

On February 21, 2006, the City Council of the City of Tracy (the “City”) established Community Facilities District No. 2006-01 (NEI Phase II). In a landowner election held on the same day, the qualified landowner electors within the CFD authorized the levy of a Mello-Roos special tax on property within CFD No. 2006-01. Property in the CFD consists of a portion of Northeast Industrial Area, which includes approximately 870 acres located along the northeast boundary of the City. The CFD represents the second phase of development in the Northeast Industrial Area and consists of approximately 249 total gross acres, of which 231.13 acres are considered taxable property.

The types of facilities to be funded by special tax revenues include street improvements, wastewater facilities, water facilities, storm drainage facilities, and other public infrastructure improvements for the benefit of CFD No. 2006-01.

The Mello-Roos Community Facilities Act of 1982

The reduction in property tax revenue that resulted from the passage of Proposition 13 in 1978 required public agencies and real estate developers to look for other means to fund public infrastructure. The funding available from traditional assessment districts was limited by certain requirements of the assessment acts, and it became clear that a more flexible funding tool was needed. In response, the California State Legislature (the “Legislature”) approved the Mello-Roos Community Facilities Act of 1982, which provides for the levy of a special tax within a defined geographic area, namely a community facilities district, if such a levy is approved by two-thirds of the qualified electors in the area. Community facilities districts can generate funding for a broad range of facilities, and special taxes can be allocated to property in any reasonable manner other than on an ad valorem basis.

A community facilities district is authorized to issue tax-exempt bonds that are secured by land within the district. If a parcel does not pay the special tax levied on it, a public agency can foreclose on the parcel and use the proceeds of the foreclosure sale to ensure that bondholders receive interest and principal payments on the bonds. Because bonds issued by a community facilities district are land-secured, there is no risk to a public agency’s general fund or taxing capacity. In addition, because the bonds are tax-exempt, they typically carry an interest rate that is lower than conventional construction financing.

II. PURPOSE OF REPORT

This CFD Tax Administration Report (the “Report”) presents findings from research and financial analysis performed by Goodwin Consulting Group, Inc. to determine the fiscal year 2021-22 special tax levy for CFD No. 2006-01. The Report is intended to provide information to interested parties regarding CFD No. 2006-01, including the current financial obligations of the CFD, special taxes to be levied in fiscal year 2021-22, and the development status of the district.

The remainder of the Report is organized as follows:

- **Section III** identifies financial obligations of CFD No. 2006-01 for fiscal year 2021-22.
- **Section IV** provides a summary of the methodology that is used to apportion the Special Tax among parcels in CFD No. 2006-01.
- **Section V** summarizes the status of development within CFD No. 2006-01.
- **Section VI** describes Special Tax prepayments that have occurred in the CFD, if any.
- **Section VII** provides information on state reporting requirements.

III. SPECIAL TAX REQUIREMENT

Special taxes for CFD No. 2006-01 are levied pursuant to the methodology set forth in the Rate and Method of Apportionment of Special Tax (“RMA”), which was adopted as an exhibit to the Resolution of Formation of CFD No. 2006-01. The amount of the Special Tax levied in any fiscal year is determined through the application of the Special Tax Requirement. *(Unless otherwise indicated, capitalized terms are defined in the RMA in Appendix C.)*

Special Tax Requirement

The Special Tax Requirement is defined as the amount that must be levied in any fiscal year to: (i) pay principal and interest on Bonds, (ii) create or replenish reserve funds, (iii) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior fiscal year or are expected to occur in the fiscal year in which the tax will be collected, (iv) to pay Administrative Expenses, and (v) to pay the costs of Facilities. For fiscal year 2021-22, the Special Tax Requirement is \$678,156. The calculation of the Special Tax Requirement is shown in the following table.

**Community Facilities District No. 2006-01
Special Tax Requirement*
Fiscal Year 2021-22**

Debt Service – Series 2019 Refunding Bonds		\$654,900
March 1, 2022 Interest Payment	\$187,450	
September 1, 2022 Interest Payment	\$187,450	
September 1, 2022 Principal Payment	\$280,000	
Administrative Expenses		\$23,256
District Administration	\$5,190	
Fiscal Agent	\$2,545	
County Fee	\$21	
Special Tax Consultant	\$15,500	
Special Tax Requirement for Fiscal Year 2021-22		\$678,156

**Totals may not sum due to rounding.*

IV. SPECIAL TAX LEVY

Special Tax Categories

Special taxes within CFD No. 2006-01 are levied pursuant to the methodology set forth in the RMA. Among other things, the RMA establishes criteria for taxable property against which the special tax may be levied, the maximum special tax, and the methodology by which the special tax is applied. For each Fiscal Year, all Taxable Property within CFD No. 2006-01 shall be classified as either Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D of the RMA. If a construction building permit has been issued for development of a structure on an Assessor's Parcel in the CFD, and additional structures are anticipated to be built on the Parcel as shown on the approved site plan for such Parcel, a portion of the Acreage of the Assessor's Parcel shall be taxed as Undeveloped Property if building permits for all of the structures in the approved site plan for the Assessor's Parcel were not issued as of July 1 of the Fiscal year in which the Special Taxes are being levied. If the Acreage assigned to each building anticipated on the Assessor's Parcel is not clearly delineated on a subdivision map, the Acreage of the portion of the Assessor's Parcel to be taxed as Developed Property shall be equal to the structure's pro rata share of the total Square Footage anticipated on the Assessor's Parcel, as determined by the City, multiplied by the total Acreage of the Assessor's Parcel. The remaining Acreage within the Assessor's Parcel shall be taxed as Undeveloped Property. *(Unless otherwise indicated, capitalized terms are defined in the RMA in Appendix C.)*

Maximum Special Taxes

The maximum special tax applicable to Taxable Property in CFD No. 2006-01 is set forth in Section C of the RMA. The percentage of the maximum special tax rates that will be levied on each parcel in fiscal year 2021-22 are determined by the method of apportionment included in Section D of the RMA. The table in Appendix A identifies the fiscal year 2021-22 maximum special tax rates and actual special tax rates for taxable property in the CFD.

Apportionment of Special Taxes

Each fiscal year, as set forth in Section D of the RMA, the Administrator shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

- 1) The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property that is neither Owner Association Property nor Public Property up to 100% of the Maximum Special Tax for Developed Property.
- 2) If additional monies are needed to satisfy the costs of the Special Tax Requirement after the first step has been applied, the Special Tax shall be levied Proportionately on each

Assessor's Parcel of Undeveloped Property that is neither Owner Association Property nor Public Property up to 100% of the Maximum Special Tax for Undeveloped Property.

- 3) If additional monies are needed to satisfy the costs of the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Owner Association Property, using the Maximum Special Tax rate for Undeveloped Property.
- 4) Finally, if additional monies are needed to satisfy the costs of the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Public Property that is Taxable Property, using the Maximum Special Tax rate for Undeveloped Property.

The special tax roll, which identifies the special tax to be levied against each parcel in CFD No. 2006-01 in fiscal year 2021-22, is provided in Appendix B.

V. DEVELOPMENT STATUS

As of June 30, 2021, a total of 7 parcels within CFD No. 2006-01 are considered Developed Property. Based on the current status of development in CFD No. 2006-01, the following table summarizes the allocation of acreage to the special tax categories established in the RMA:

**Community Facilities District No. 2006-01
Allocation to Special Tax Categories
For Fiscal Year 2021-22**

Type of Property	Number of Acres
Developed Property	190.09 Acres
Undeveloped Property	44.16 Acres

VI. PREPAYMENTS

As of June 30, 2021, no property owner in CFD No. 2006-01 has prepaid his/her special tax obligation.

VII. STATE REPORTING REQUIREMENTS

Senate Bill No. 165

On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to the voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a local public agency. Pursuant to the Sections 50075.3 and 53411, the “chief fiscal officer” of the public agency will, by January 1, 2002, and at least once a year thereafter, file a report with the City setting forth (i) the amount of special taxes that have been collected and expended; (ii) the status of any project required or authorized to be funded by the special taxes; (iii) if bonds have been issued, the amount of bonds that have been collected and expended; and (iv) if bonds have been issued, the status of any project required or authorized to be funded from bond proceeds.

Assembly Bill No. 1666

On July 25, 2016, Governor Jerry Brown signed Assembly Bill No. 1666, adding Section 53343.2 to the California Government Code (“GC”). The bill enhances the transparency of community facilities districts by requiring that certain reports be accessible on a local agency’s web site. Pursuant to Section 53343.2, a local agency that has a web site shall, within seven months after the last day of each fiscal year of the district, display prominently on its web site the following information:

Item (a): A copy of an annual report, if requested, pursuant to GC Section 53343.1. The report required by Section 53343.1 includes CFD budgetary information for the prior fiscal year and is only prepared by a community facilities district at the request of a person who resides in or owns property in the community facilities district. If the annual report has not been requested to be prepared, then a posting to the web site would not be necessary.

Item (b): A copy of the report provided to the California Debt and Investment Advisory Commission (“CDIAC”) pursuant to GC Section 53359.5. Under Section 53359.5, local agencies must provide CDIAC with the following: (i) notice of proposed sale of bonds; (ii) annual reports on the fiscal status of bonded districts; and (iii) notice of any failure to pay debt service on bonds, or of any draw on a reserve fund to pay debt service on bonds.

Item (c): A copy of the report provided to the State Controller’s Office pursuant to GC Section 12463.2. This section refers to the parcel tax portion of a local agency’s Financial Transactions Report that is prepared for the State Controller’s Office annually. Note that school districts are not subject to the reporting required by GC Section 12463.2.

Assembly Bill No. 1483

On October 9, 2019, Governor Gavin Newsom signed Assembly Bill No. 1483, adding Section 65940.1 to the California Government Code. The law requires that a city, county, or special district that has an internet website, maintain on its website a current schedule of fees, exactions, and affordability requirements imposed by the public agency on all housing development projects. Pursuant to Section 65940.1, the definition of an exaction includes a special tax levied pursuant to the Mello-Roos Community Facilities Act.

Assembly Bill No. 1483 defines a housing development project as consisting of (a) residential units only; or (b) mixed-use developments consisting of residential and non-residential land uses with at least two-thirds of the square footage designated for residential use; or (c) transitional housing or supportive housing. Assembly Bill No. 1483 also requires a city, county, or special district to update this information on their website within 30 days of any changes made to the information.

APPENDIX A

Summary of Fiscal Year 2021-22 Special Tax Levy

City of Tracy
Community Facilities District No. 2006-01
(NEI Phase II)

Fiscal Year 2021-22 Special Tax Levy Summary

Development Status	Taxable Acreage	FY 2021-22 Maximum Special Tax	FY 2021-22 Actual Special Tax	FY 2021-22 Total Special Tax Levy
Developed Property	190.09	\$4,118.36 per acre	\$3,567.55 per acre	\$678,156.00
Undeveloped Property	44.163	\$4,118.36 per acre	\$0.00 per acre	\$0.00
Total	234.253			\$678,156.00

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APPENDIX B

*Fiscal Year 2021-22 Special Tax Levy
for Individual Assessor's Parcels*

City of Tracy
Community Facilities Distirct No. 2006-01
(NEI Phase II)
Fiscal Year 2021-22 Special Tax Levy Summary

Assessor's Parcel Number	Development Status	Acreage	FY 2021-22 Maximum Special Tax	FY 2021-22 Actual Special Tax
213-070-060-000	Developed	19.46	\$80,143.23	\$69,424.56
213-070-730-000	Developed	44.03	\$181,331.26	\$157,079.32
213-070-740-000	Undeveloped	5.35	\$22,033.21	\$0.00
213-070-830-000	Undeveloped	4.73	\$19,479.83	\$0.00
213-070-840-000	Developed	2.94	\$12,107.97	\$10,488.60
250-020-800-000	Undeveloped	5.80	\$23,886.47	\$0.00
250-020-810-000	Undeveloped	10.08	\$41,513.04	\$0.00
250-020-840-000	Undeveloped	0.77	\$3,183.49	\$0.00
250-020-860-000	Undeveloped	5.00	\$20,591.79	\$0.00
250-020-880-000	Developed	14.14	\$58,233.57	\$50,445.18
250-020-890-000	Mixed	28.40	\$116,961.34	\$68,104.58 /1
250-020-900-000	Developed	36.18	\$149,002.16	\$129,074.04
250-020-910-000	Developed	54.25	\$223,420.87	\$193,539.70
250-020-950-000	Undeveloped	3.12	\$12,849.27	\$0.00
Total Special Tax Levy			\$964,737.51	\$678,155.98

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/1 Per Section B of the Rate and Method, if a building permit has been issued for development of a structure on a parcel in the District, and additional structures are anticipated to be built on the parcel as shown on the approved site plan, a portion of the acreage of the parcel will be taxed as Undeveloped Property. Approximately 19.09 acres of the 28.4 acre parcel is assigned to the Crate and Barrel Warehouse, and per the Rate and Method, is taxed as Developed Property. The remaining 9.31 acres is the undeveloped portion of the parcel that is currently planned for a future warehouse and is taxed as Undeveloped Property.

APPENDIX C

Rate and Method of Apportionment of Special Tax

EXHIBIT B

CITY OF TRACY COMMUNITY FACILITIES DISTRICT NO. 2006-01 (NEI PHASE II)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the City of Tracy Community Facilities District No. 2006-01 (NEI Phase II) ("CFD No. 2006-01") shall be levied and collected according to the tax liability determined by the City Council of the City of Tracy or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2006-01, 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 into CFD No. 2006-01 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 map, parcel map, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or reasonably estimated costs to the City, the CFD (or both), or any designee thereof directly related to the administration of the CFD including, but not limited to, the following: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes; the costs of remitting the Special Taxes to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including legal counsel) in the discharge of the duties required of it under the fiscal agent agreement, indenture, or other applicable legal document; the costs of complying with arbitrage rebate requirements; the costs of providing continuing disclosure; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs related to any appeal of the levy or application of the Special Tax; the periodic costs of the Bonds, including any costs of credit enhancement; and the costs associated with the release of funds from an escrow account, if any. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD for any other administrative purposes of the CFD, including, but not limited to, attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned APN.

“APN” means the Assessor’s Parcel number assigned by the San Joaquin County assessor to designate an individual Parcel on an Assessor’s Parcel Map.

“Assessor’s Parcel Map” means an official map of the County Assessor of the County of San Joaquin designating Parcels by APN.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued, insured, or assumed by the CFD related to Facilities that are authorized to be funded by CFD No. 2006-01.

“CFD” or “CFD No. 2006-01” means the City of Tracy Community Facilities District No. 2006-01 (NEI Phase II).

“City” means the City of Tracy.

“City Council” means the City Council of the City of Tracy, acting as the legislative body of CFD No. 2006-01.

“City Manager” means the City Manager of the City of Tracy.

“County” means the County of San Joaquin.

“Delinquency Levy” means the semi-annual direct Special Tax levy on Parcels of Taxable Property that will occur if Special Taxes levied on other Parcels of Taxable Property are delinquent, as determined pursuant to Section D.2 below.

“Developed Property” means, in any Fiscal Year, all Taxable Property for which a construction building permit, in addition to a grading permit, was issued prior to July 1 of that Fiscal Year.

“Facilities” means the public improvements authorized to be funded by CFD No. 2006-01 and defined as Facilities in the Resolution of Intention.

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

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

“Owner Association Property” means any property within the boundaries of CFD No. 2006-01 owned by a homeowner association or property owner association, including any master or sub-association.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means any property within the boundaries of CFD No. 2006-01 that is owned by the federal government, State of California, the City, other local governments or public agencies.

“Resolution of Intention” means the Resolution of Intention to Establish a Community Facilities District adopted by the City Council on January 17, 2006.

“Special Tax” means any special tax to be levied each Fiscal Year on Assessor’s Parcels of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds, (ii) to create or replenish reserve funds, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, (iv) to pay Administrative Expenses, and (v) to pay the costs of Facilities.

“Square Foot”, “Square Footage”, or “Square Feet” means the square footage reflected on the original construction building permit issued for construction of a residential or non-residential building.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2006-01 which are not exempt from the Special Tax pursuant to law or Section E below.

“Undeveloped Property” means all Taxable Property in CFD No. 2006-01 not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

For each Fiscal Year, all Taxable Property within CFD No. 2006-01 shall be classified as either Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. If a construction building permit has been issued for development of a structure on an Assessor’s Parcel in the CFD, and additional structures are anticipated to be built on the Parcel as shown on the approved site plan for such Parcel, a portion of the Acreage of the Assessor’s Parcel shall be taxed as Undeveloped Property if building permits for all of the structures in the approved site plan for the Assessor’s Parcel were not issued as of July 1 of the Fiscal Year in which the Special Taxes are being levied. If the Acreage assigned to each building anticipated on the Assessor’s Parcel is not clearly delineated on a subdivision map, the Acreage of the portion of the Assessor’s Parcel to be taxed as Developed Property shall be equal to the

structure's pro rata share of the total Square Footage anticipated on the Assessor's Parcel, as determined by the City, multiplied by the total Acreage of the Assessor's Parcel. The remaining Acreage within the Assessor's Parcel shall be taxed as Undeveloped Property. Determination of the amount of Developed Property and Undeveloped Property on an Assessor's Parcel shall be at the sole discretion of the City.

C. MAXIMUM SPECIAL TAX

1. *Maximum Special Tax, Developed Property*

The Fiscal Year 2006-07 Maximum Special Tax for Developed Property in the CFD is \$3,060 per Acre. On each July 1, the Maximum Special Tax for Developed Property for the Fiscal Year commencing such July 1 shall be increased by two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.

2. *Maximum Special Tax, Undeveloped Property*

The Fiscal Year 2006-07 Maximum Special Tax for Undeveloped Property is \$3,060 per Acre. On each July 1, the Maximum Special Tax for Undeveloped Property for the Fiscal Year commencing such July 1 shall be increased by two percent (2%) of the Maximum Special Tax in effect in the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. *Special Tax*

Commencing with Fiscal Year 2006-07 and for each following Fiscal Year, the City Manager or his/her designee shall determine the Special Tax Requirement to be collected from Taxable Property in CFD No. 2006-01 in the Fiscal Year. The Special Tax shall then be levied as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property that is neither Owner Association Property nor Public Property up to 100% of the Maximum Special Tax for Developed Property, as determined by reference to Section C.1. above;

Second: If additional monies are needed to satisfy the costs of the Special Tax Requirement after the first step has been applied, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property that is neither Owner Association Property nor Public Property up to 100% of the Maximum Special Tax for Undeveloped Property, as determined by reference to Section C.2. above;

Third: If additional monies are needed to satisfy the costs of the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be

levied Proportionately on each Assessor's Parcel of Owner Association Property, using the Maximum Special Tax rate for Undeveloped Property, as determined by reference to Section C.2 above; and

Fourth: If additional monies are needed to satisfy the costs of the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Public Property that is Taxable Property, using the Maximum Special Tax rate for Undeveloped Property, as determined by reference to Section C.2. above.

2. Delinquency Levy

In addition to the Special Tax levied pursuant to Section D.1 above, if, in any Fiscal Year, Special Tax payments due from one or more Parcels of Taxable Property are delinquent, the delinquent Special Taxes shall be immediately levied on all Parcels of Taxable Property that are not delinquent. Before March 1 (for the Special Tax installment due December 10th) and June 30 (for the Special Tax installment due April 10th) of each Fiscal Year, the City Manager or his/her designee shall determine and allocate the Delinquency Levy pursuant to the following steps:

First: The City Manager or his/her designee shall coordinate with the County and determine if any Parcels of Taxable Property have not paid the Special Taxes that became delinquent the prior December 10th and April 10th.

Second: If the City Manager or his/her designee identifies delinquencies in the CFD, he/she shall sum the delinquent Special Tax for all delinquent Parcels in the CFD to determine the total Delinquency Levy to be allocated to other Parcels in the CFD.

Third: The City Manager or his/her designee shall determine whether the Maximum Special Tax was levied on Parcels of Developed Property in the then current Fiscal Year. (The designation of Developed Property shall be based on the status of the Parcel at the time the Special Tax was levied for the Fiscal Year, not at the time the Delinquency Levy is being prepared). If the Maximum Special Tax was levied, the Administrator shall apply the fourth step below. If less than the Maximum Special Tax was levied, the Delinquency Levy shall be spread Proportionately to each Assessor's Parcel or portion of each Assessor's Parcel of Developed Property that was not delinquent in its Special Tax obligation. Notwithstanding the foregoing, the Delinquency Levy allocated to a Parcel, combined with the Special Tax that was levied on the Parcel to pay the Special Tax Requirement for the Fiscal Year, shall not exceed the Maximum Special Tax for the Parcel as determined by reference to Section C.1. above.

Fourth: If additional monies are needed to satisfy the Delinquency Levy after the third step has been completed, the Delinquency Levy shall be spread Proportionately to each Assessor's Parcel or portion of each Assessor's Parcel of Undeveloped Property that was not delinquent in its Special Tax obligation. (The designation of Undeveloped Property shall be based on the status of the Parcel at the time the Special Tax was levied for the Fiscal Year, not at the time the Delinquency Levy is being prepared). Notwithstanding

the foregoing, the Delinquency Levy allocated to a Parcel, combined with the Special Tax that was levied on the Parcel to pay the Special Tax Requirement for the Fiscal Year, shall not exceed the Maximum Special Tax for the Parcel as determined by reference to Section C.2. above.

This Section D.2 shall not apply, and no Delinquency Levy shall be levied with respect to a December 10 or an April 10 installment, in any Fiscal Year in which the aggregate Special Tax collected for such December 10 or April 10 installment is sufficient to cover the (i) full debt service due on the Bonds to be paid from amounts levied and collected for such December 10 or April 10 installment, (ii) replenishment of Bond reserves to the reserve requirement, and (iii) Administrative Expenses to be paid from amounts levied and collected for such December 10 or April 10 installment.

3. Credit for Recovered Delinquencies

If, in any Fiscal Year, a Delinquency Levy occurs pursuant to Section D.2 above, the City Manager or his/her designee shall keep track of (i) the Assessor's Parcels that were subject to and subsequently paid such Delinquency Levy, and (ii) the specific amount levied on and subsequently paid by each Parcel because of the Delinquency Levy. When a delinquent Special Tax which necessitated a Delinquency Levy is finally paid by a Parcel in the CFD, the Parcels in the CFD that were subject to and subsequently paid the Delinquency Levy shall receive a credit against the next Special Tax levied within the CFD. The Administrator shall apply the following steps to implement such a credit (provided, however, that no such credit shall operate to reduce the amount levied in any Fiscal Year, when combined with the proceeds of previously-delinquent amounts, to an amount less than the Special Tax Requirement):

First: When delinquent Special Taxes are finally paid by a formerly delinquent Parcel in the CFD, the City Manager or his/her designee shall identify the amount that had been included in the Delinquency Levy in the CFD.

Second: Looking at the total Delinquency Levy that had occurred, the City Manager or his/her designee shall determine the proportional share (i.e., percentage) of the levy which was assigned to each Parcel in the CFD that was subject to the Delinquency Levy.

Third: The City Manager or his/her designee shall multiply the amount determined in the first step by the percentages determined in the second step to calculate the credit to each Parcel in the CFD that paid a portion of the Delinquency Levy.

Fourth: When the next Special Tax levy is prepared, the City Manager or his/her designee shall determine the Special Tax levy for Parcels in the CFD pursuant to Section D.1 above and subtract the credit determined in the third step above for CFD Parcels that qualify for a credit.

If a CFD Parcel that had been subject to a Delinquency Levy has subdivided and a credit for such Delinquency Levy is going to be applied pursuant to this Section D.3, the credit

shall be allocated on a per-Acre basis to all Parcels of Taxable Property created by the subdivision. In no event shall the total amount credited to CFD Parcels pursuant to this Section D.3 exceed the original amount of the Delinquency Levy.

E. LIMITATIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Taxes shall be levied on the first 17.99 Acres of property that becomes Public Property within CFD No. 2006-01. Parcels or portions of Parcels that become Public Property after a total of 17.99 Acres of Public Property have been designated within CFD No. 2006-01 shall be subject to the levy of Special Taxes pursuant to the authority provided in Sections 53317.3 and 53317.5 of the Act. In any event, no Special Taxes shall be levied on Public Property or Owner Association Property unless it is necessary to satisfy the Special Tax Requirement pursuant to Section D above.

F. APPEALS AND INTERPRETATIONS

Any landowner, any lessee or holder of a possessory interest in Public Property which is Taxable Property, and any lessee on a triple net lease may file a written appeal of the calculation of the Special Tax on its property with the City Manager or his/her designee, provided that the appellant is current in the payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the calculation of the Special Tax is in error. The City Manager or his/her designee shall review the appeal, meet with the appellant if the City Manager or his/her designee deems necessary, and advise the appellant of its determination. If the City Manager or his/her designee agrees with the appellant, the City Manager or his/her designee shall make a recommendation to the City Council to reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of the City Council or its designee must be obtained prior to any such reduction or refund. If the City Manager or his/her designee disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the City Council or an appeals board designated by the City Council by filing a written notice of appeal with the City Clerk, provided that appellant is current in the payments of the Special Taxes. The appeal to the City Council or an appeals board designated by the City Council must specify the reasons for appellant's disagreement with the City Manager or his/her designee's determination. The City Clerk shall schedule the appeal to be heard before the City Council or an appeals board designated by the City Council.

Interpretations may be made by the City Manager or his/her designee for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment and, subject to the foregoing appeals process, such interpretation shall be final and conclusive.

The appeal process shall be conducted in substantial conformance with Tracy Municipal Code Section 1.12.

G. MANNER OF COLLECTION

1. *Annual Special Tax*

The Special Taxes will 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 Manager or his/her designee may directly bill the Special Taxes and may collect Special Taxes at a different time or in a different manner as set forth in the proceedings for the formation of CFD No. 2006-01.

2. *Delinquency Levy*

The Delinquency Levy determined pursuant to Section D.2 above shall be billed directly to then-current record owners of Parcels of Taxable Property that are not delinquent. The City Manager or his/her designee shall prepare a separate bill for each Parcel that will be mailed via certified mail and shall be due and payable within thirty (30) days of the date on which the bill was mailed. Delinquency Levy bills shall be mailed on or about March 1 (for the Special Tax installment due December 10th) and June 30 (for the Special Tax installment due April 10th).

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are available to acquire or construct Facilities.

“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.

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the City Manager or his/her designee), 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 by or on behalf of CFD No. 2006-01 prior to the date of prepayment.

“Public Facilities Requirements” means \$9,150,000 in 2005 dollars, which shall increase on January 1, 2006, and on each January 1 thereafter by 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 such other number as shall be determined by the City Manager or his/her designee to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of the CFD. The Public Facilities Requirements shown above may be adjusted or separate Public Facilities Requirements identified each time property annexes into the CFD; at no time shall the added Public Facilities Requirement for that annexation area exceed the amount of public improvement costs that are expected to be supportable by the Maximum Special Tax revenues generated within that annexation area.

“Remaining Facilities Costs” means the Public Facilities Requirements (as defined above), minus costs of Facilities funded by Outstanding Bonds (as defined above), developer equity, and/or any other source of funding.

The Special Tax obligation applicable to each Assessor’s Parcel in CFD No. 2006-01 may be prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. 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 total Maximum Special Tax that could be collected from the Assessor's Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2.** Divide the Maximum Special Tax from Step 1 by the total amount that could be collected if the Maximum Special Tax was levied on all Parcels of Taxable Property in the CFD.
- 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 has been received until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.
- 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:** Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (*the "Defeasance Requirement"*).
- Step 10.** Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of 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 indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the

Outstanding Bonds to be redeemed pursuant to the prepayment (the “*Reserve Fund Credit*”).

- Step 12.** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the “*Prepayment Amount*”).
- Step 13.** The amounts computed pursuant to Steps 3, 6, and 9, less the amount computed pursuant to Step 11, shall be deposited in the appropriate fund established under the Indenture and used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to Step 5 shall be deposited in the Construction Fund, and the amount determined in Step 10 shall be deposited in the fund established to pay Administrative Expenses.

With respect to any Parcel that prepays its Special Tax obligation, the City Manager or his/her designee shall cause a notice to be recorded in compliance with the Act to release the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax shall cease.

I. ANNEXATION CATCH-UP TAX

If property annexes into CFD No. 2006-01 in any future Fiscal Year, such property shall be subject to a one-time “Annexation Catch-up Tax” that shall become due and payable immediately upon the effective date of annexation. The Annexation Catch-up Tax shall be calculated according to the following steps:

- (i) Missed Special Tax Payments – the amount of Special Tax that would have been levied each year on the property had the property been included in CFD No. 2006-01 at the time that it was initially formed shall be identified. Such amounts shall be determined by evaluating the amounts that would have been levied in each prior Fiscal Year pursuant to Section D.
- (ii) Interest Carry – the amounts calculated in (i) above shall be increased each year at a rate equal to the average coupon rate for all outstanding Bonds from the first Fiscal Year in which Special Taxes were levied on behalf of CFD No. 2006-01 through and including the Fiscal Year in which the Annexation Catch-up Tax is being calculated (unless the Annexation Parcel is to be included on the tax roll for the Fiscal Year in which the Annexation Catch-up Tax is being calculated).

APPENDIX D

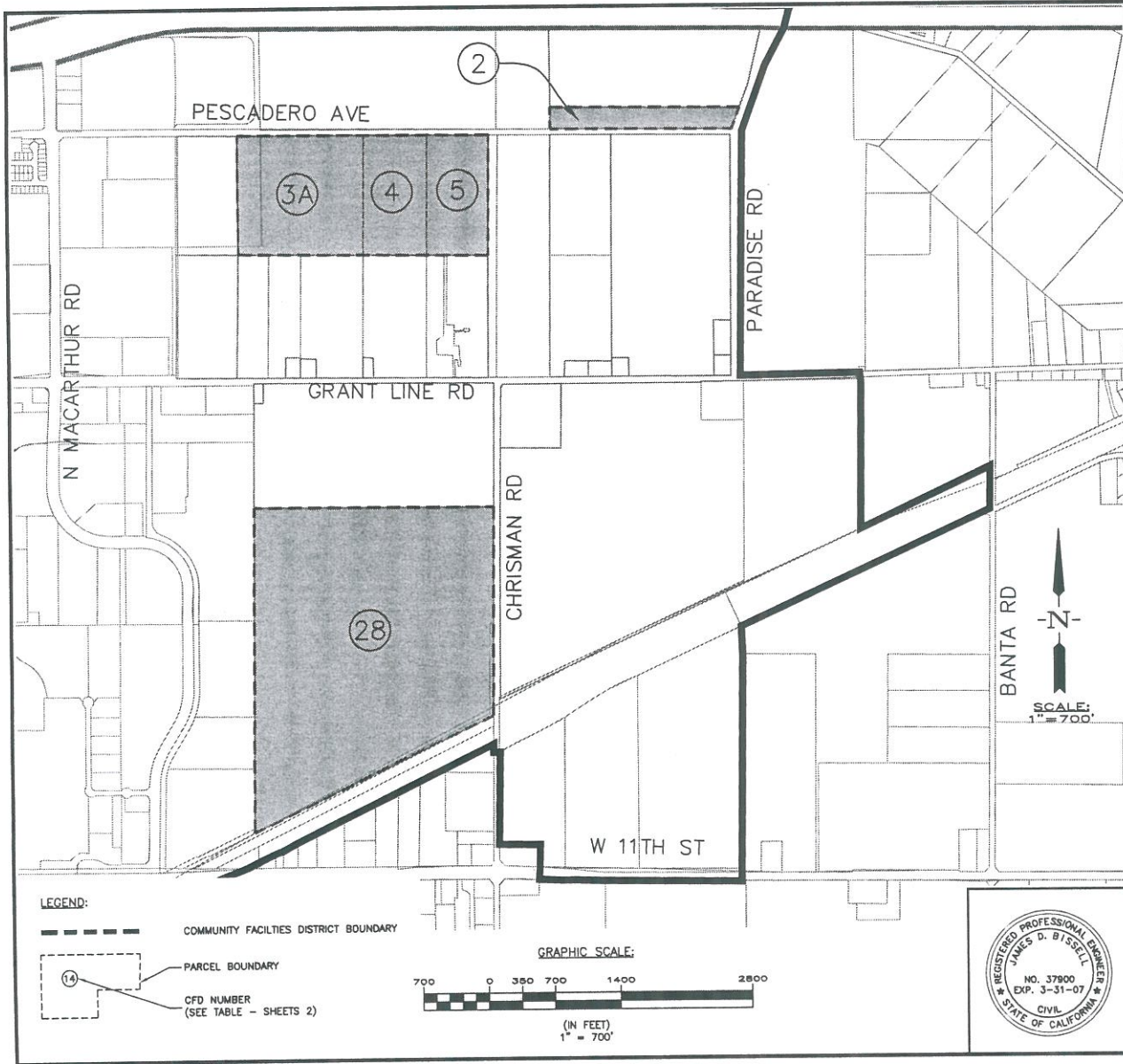
***Boundary Map of
Community Facilities District No. 2006-01***

AMENDED MAP OF
 PROPOSED BOUNDARIES
 OF
 COMMUNITY FACILITIES
 DISTRICT
 NO. 2006-01
 (NEI Phase II)

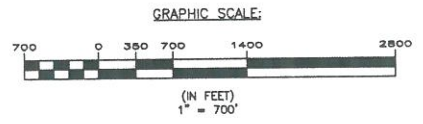
CITY OF TRACY
 COUNTY OF SAN JOAQUIN
 STATE OF CALIFORNIA

JUNE, 2006

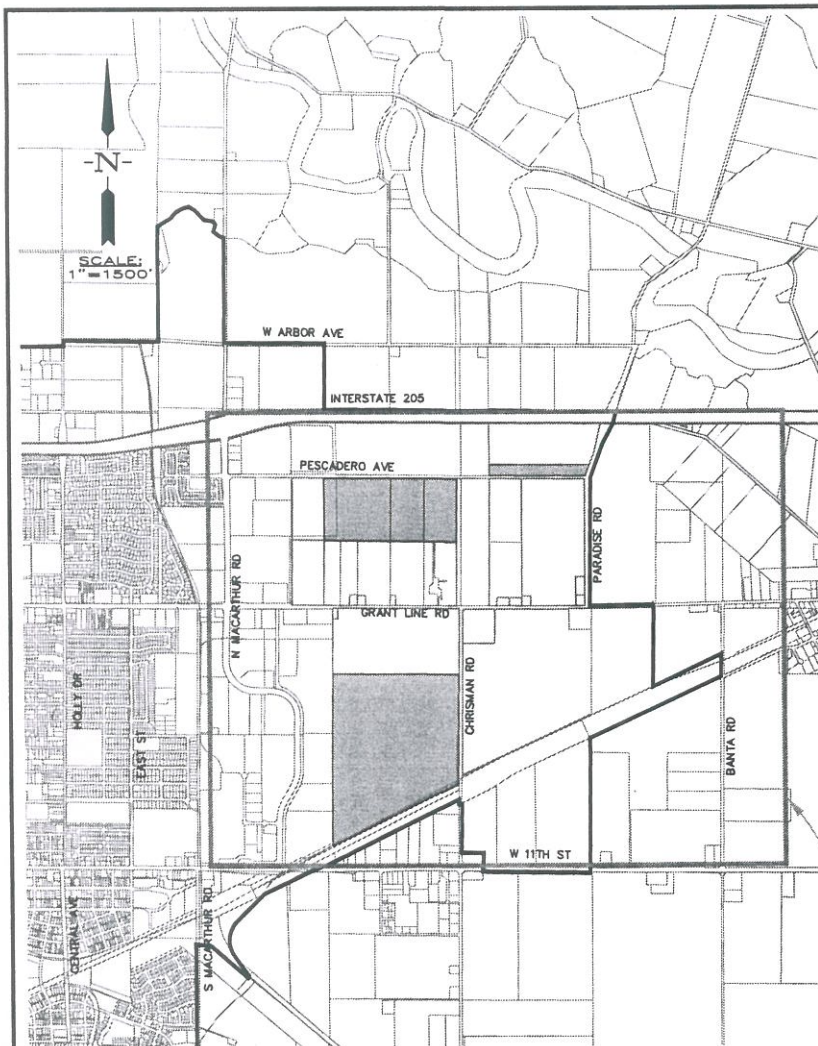
CFD NO.	APN	ACREAGE
2	213-060-13	9.78
3A	213-070-69	40.00
4	213-070-05	19.24
5	213-070-06	19.46
28	250-020-13	160.34



LEGEND:
 - - - - - COMMUNITY FACILITIES DISTRICT BOUNDARY
 _____ PARCEL BOUNDARY
 (14) - - - - - CFD NUMBER
 (SEE TABLE - SHEETS 2)



Harris & Associates
 PROGRAM MANAGERS
 CONSTRUCTION MANAGERS
 CIVIL ENGINEERS
 2850 N. TRACY BLVD., SUITE 200, TRACY, CA 95376
 (209) 833-3310



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF TRACY THIS ____ DAY OF _____ 200__.

CITY CLERK _____

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2006-01 (NEI PHASE II), CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF TRACY, AT A MEETING THEREOF, HELD ON THE ____ DAY OF _____ 200__, BY ITS RESOLUTION NO. _____.

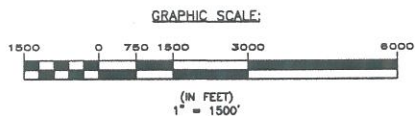
CITY CLERK _____

FILED THIS ____ DAY OF _____ 200__, AT THE HOUR OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SAN JOAQUIN

NOTE:
THIS BOUNDARY MAP AMENDS THE MAP OF PROPOSED BOUNDARIES OF CITY OF TRACY COMMUNITY FACILITIES DISTRICT NO. 2006-01 (NEI PHASE I), CITY OF TRACY, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF _____ STATE OF CALIFORNIA, ON ____ DAY OF _____ 20__ IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____.

SEE SHEET 2

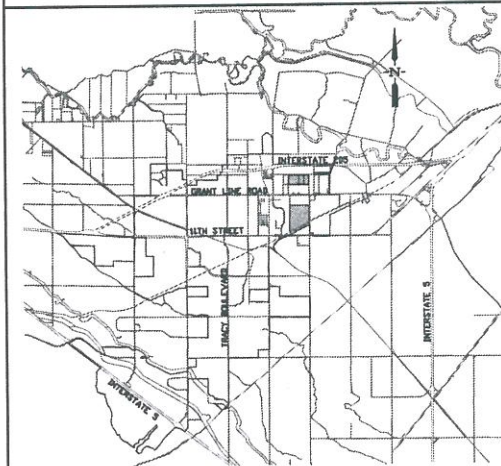


LEGEND:
—— CITY OF TRACY

AMENDED MAP OF
PROPOSED BOUNDARIES
OF
COMMUNITY FACILITIES
DISTRICT
NO. 2006-01
(NEI Phase II)

CITY OF TRACY
COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

JUNE, 2006



LOCATION MAP
NOT-TO-SCALE



Harris & Associates

PROGRAM MANAGERS
CONSTRUCTION MANAGERS
CIVIL ENGINEERS
2850 N. TRACY BLVD., SUITE 200, TRACY, CA 95378
(209) 833-3310

DATE: 06/19/06

SHEET 1 OF 2

APPENDIX E

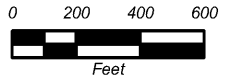
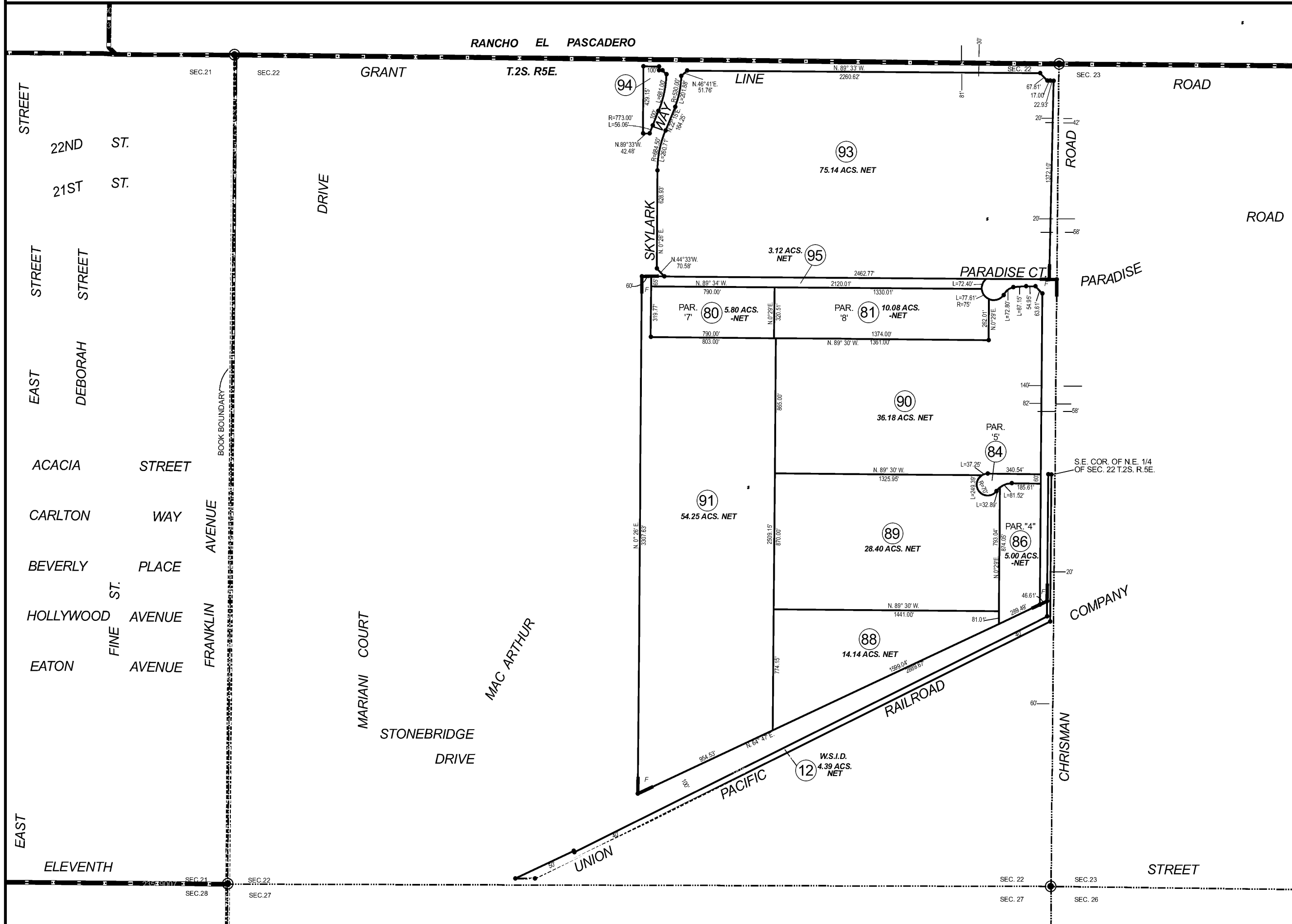
*Assessor's Parcel Maps for
Fiscal Year 2021-22*

POR. SEC. 22 T.2S. R.5E., M.D.B.&M.

250-02

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY AND IS NOT FOR THE INTENT OF INTERPRETING LEGAL BOUNDARY RIGHTS, ZONING REGULATIONS AND/OR LEGALITY OF LAND DIVISION LAWS.

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY



LEGEND:

⓪ Assessor's Parcel Numbers

Book Page Parcel Number

- F - P.M. Bk. 25 Pg. 040
- E - P.M. Bk. 20 Pg. 152
- C - P.M. Bk. 18 Pg. 002
- B - P.M. Bk. 17 Pg. 165
- A - P.M. Bk. 16 Pg. 172

NOTE: W.S.I.D. = WEST SIDE IRRIGATION DISTRICT

HIGHEST A.P.N. USED		
YEAR	PAR. #	PAR. #
01-02	78	
11-12	87	
13-14	91	93

BK. 250 PG. 02
County of San Joaquin, CA

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Assessor Mapping/GIS 2015

POR. PESCADERO COLONY, UNIT NO. 1

213-07

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY AND IS NOT FOR THE INTENT OF INTERPRETING LEGAL BOUNDARY RIGHTS, ZONING REGULATIONS AND/OR LEGALITY OF LAND DIVISION LAWS



MAPPING/GIS



LEGEND

Example of a Standard Assessors Parcel Number (APN)
000-000-00
 Book Page Parcel Number

R.M. = Recorded Subdivision Map
 P.M. = Recorded Parcel Map
 R.S. = Recorded Survey Map

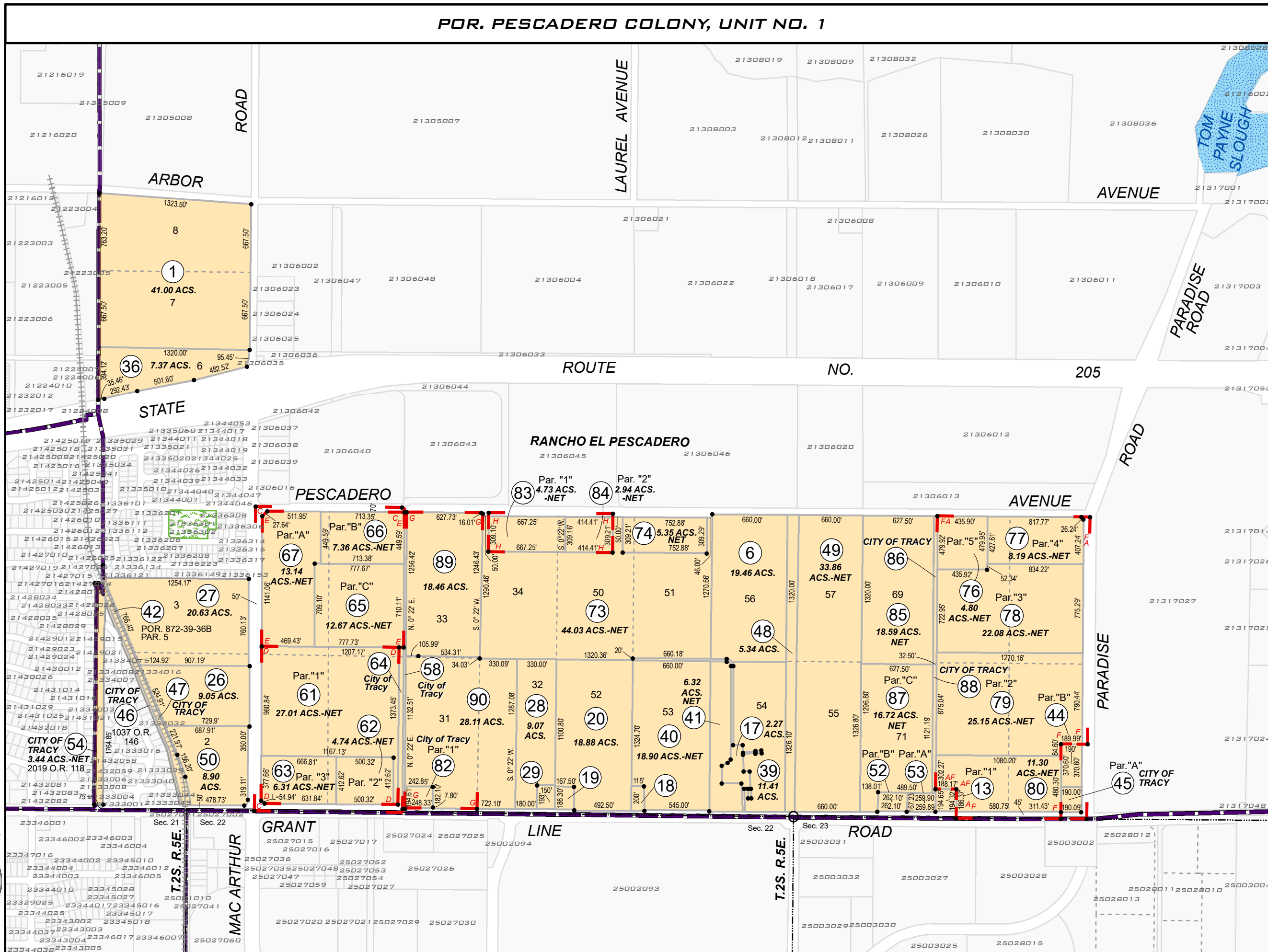
Williamson Act Parcel

Assessors Book Boundary

- R.M. Bk. 10 Pg. 044
- A - P.M. Bk. 08 Pg. 013
- B - P.M. Bk. 09 Pg. 095
- C - P.M. Bk. 16 Pg. 046
- D - P.M. Bk. 18 Pg. 065
- E - P.M. Bk. 22 Pg. 056
- F - P.M. Bk. 24 Pg. 195
- G - P.M. Bk. 25 Pg. 125
- H - P.M. Bk. 25 Pg. 136

SAN JOAQUIN COUNTY ASSESSORS PARCEL NUMBER ISSUED PER ROLL YEAR		
ROLL	PAR. #	PAR. #
08-09	72	-
09-10	75	-
11-12	80	-
12-13	82	-
14-15	84	-
15-16	88	-
19-20	90	-

BK. 213 PG. 07
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