

EXHIBIT B
Olivehurst Public Utility District
North Plumas Lake
Community Facilities District No. 2005-1
(Wheeler Ranch)
Yuba County, California

**RATE, METHOD OF APPORTIONMENT,
and MANNER OF COLLECTION OF THE SPECIAL TAX**

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Olivehurst Public Utility District (the "District") North Plumas Lake Community Facilities District No. 2005-1 (Wheeler Ranch) (the "CFD") of Yuba County (the "County") shall be levied and collected according to the tax liability determined by the District through the application of the appropriate amount or rate, as described below.

2. Definitions

"Acreage" means the totals acres of a Parcel as shown in the records of the County Assessor, Tentative Maps, or other records of the County or District.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs related to the administration of the CFD, including:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the District or designee thereof or both);
- Costs of collecting the Special Taxes (whether by the District, County, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;

- Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture;
- Costs to the District, CFD or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the District, CFD or any designee thereof of complying with District, CFD or obligated persons disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;
- Costs to the District, CFD or designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the District for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Administrator” means the General Manager of the District, or his or her designee.

“Annual Costs” means, for any Fiscal Year, the total of the following:

- i) Debt Service to be paid from Special Taxes collected during the Bond Year;
- ii) Administrative Expenses for such Fiscal Year;
- iii) The amount needed to replenish any Reserve Fund requirement for CFD Bonds to the level required under the documents pursuant to which such Bonds were issued;
- iv) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year less any credit from earnings on the Bond reserve fund, less credit for applicable development fees, less any reimbursements, and/or less any funds available from prepaid Special Taxes as prescribed in **Section 7**; and,
- v) Pay-As-You-Go Expenditures for Authorized Facilities to be constructed or acquired by the CFD.

“Anticipated Construction Proceeds” means that amount that is anticipated to be available from Bonds for the acquisition or construction of Authorized Facilities.

“Assessor’s Parcel” means a parcel of land in the County identified by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number as assigned to a Parcel by the Assessor as recorded by the Assessor on the last equalized tax roll.

“Auditor-Controller” means the Auditor-Controller of the County.

“Authorized Facilities” means those facilities authorized to be funded by the CFD, as identified in the resolution forming the CFD.

“Base Year” means the Fiscal Year beginning on July 1, 2005 and ending on June 30, 2006.

“Benefit Share” means the Maximum Annual Special Tax for a Parcel divided by the Maximum CFD Revenue.

“Board” means the Board of Directors of the Olivehurst Public Utility District acting for the CFD under the Act.

“Bond(s)” means any bonds issued by the District under the Act that are payable from the Special Taxes.

“Bond Authorization” means the maximum amount of Bonds that the CFD is authorized to issue pursuant to the Bond Indenture.

“Bond Indenture” means the indenture or other financing document pursuant to which the Bonds are issued.

“Bond Share” means the share of Bonds assigned to a Parcel as specified in **Section 7** of this Rate and Method of Apportionment.

“Bond Year” means the twelve (12) month period ending on the second Bond payment date of each calendar year as defined in the Bond Indenture.

“CFD” means the North Plumas Lake Community Facilities District No. 2005-1 (Wheeler Ranch) of the District.

“County” means the County of Yuba, California.

“Debt Service” means for each Bond Year, the total amount of principal and interest for any Bonds, notes, or certificates of participation of the CFD during that Bond Year, less any applicable credits that may be available from any other sources available to the District to pay principal and interest for the previous or current Bond Year.

“Developed Parcel” means a Parcel receiving one of the following development approvals from the County:

<u>Land Use</u>	<u>Development Approval</u>
Single Family Residential	– Building Permit
Other Taxable Uses	– Building Permit

“Final Subdivision Map” means a recorded map designating individual Single Family Residential Parcels or condominium units.

“Final Map Parcel” means a Parcel created by the recordation of a Final Subdivision Map. Once a Parcel is classified as a Final Map Parcel, it shall not be reassigned to a Parcel category with a lower Special Tax obligation, such as Tentative Map Parcel or Undeveloped Parcel.

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

“Large Lot Parcel” means any Parcel delineated on a Large Lot Subdivision Map.

“Large Lot Subdivision Map” means a recorded subdivision map delineating Parcels by land use. However, the Large Lot Subdivision Map does not delineate individual Single Family Residential Parcels. A Final Subdivision Map will delineate individual Single Family Residential Parcels.

“Maximum CFD Revenue” means the greatest amount of revenue that can be collected in a Fiscal Year by levying the Special Tax against all Taxable Parcels in the CFD.

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year as shown in **Attachment 1**.

“Maximum Annual Special Tax Revenue” means the greatest amount of revenue that can be collected by levying the Maximum Annual Special Tax against a group of Parcels within a specific classification, such as Developed Parcels.

“North Plumas Lake” means the development area in the unincorporated area of the County included in the Plumas Lake Specific Plan Area.

“Original Parcel” means a Parcel as identified by Assessor’s Parcel Number on **Attachment 1**. Original Parcels are assigned Units in **Attachment 1** based on Tentative Maps approved by the County at the time of the formation of the CFD, or upon Tentative Maps that have been proposed for approval by the County. Approved Tentative Maps used to derive Unit assignments are:

“Other Taxable Uses” means a Taxable Parcel that is not designated for single family residential use, such as commercial, business park, office, retail, light industrial, industrial, multi-family residential, or mixed use.

“Outstanding Bonds” means the total principal amount of Bonds that have been issued and not retired or defeased.

“Parcel” means any Assessor’s Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

“Partial Prepayment” means a prepayment of a portion of a Parcel’s Special Tax obligation, as set forth in **Section 7**.

“Partial Prepayment Factor” means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7** hereof.

“Pay-As-You-Go Expenditure” means the use of annual Special Tax revenues that are not needed for Annual Costs, not including Pay-As-You-Go Expenditures, for Authorized Facilities to be constructed or acquired by the CFD.

“Prepayment” means the permanent satisfaction of the Maximum Annual Special Tax for a Parcel.

“Public Parcel” means any parcel that is, or is intended to be, publicly owned that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public water tank parcels, public sewer lift station parcels, public drainageways, public landscaping, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Parcels that may get

partial or full exemptions from payment of *ad valorem* property taxes, such as churches, are not considered a Public Parcel.

“Remainder Parcel” means a Parcel that is created when a Tentative Map is recorded as a final map, creating Developed Parcels, Large Lot Parcels, or a combination of Developed Parcels and Large Lot Parcels, with a remaining piece of land that does not have development entitlements under the Subdivision Map Act. A Remainder Parcel is classified as an Undeveloped Parcel.

“Reserve Fund Requirement” means the amount required to be held in the bond reserve fund created under the Bond Indenture.

“Reserve Fund Share” means the amount on deposit in the reserve fund, but in any event not to exceed the required bond reserve as defined in the Bond Indenture, multiplied by the Benefit Share for a given Parcel.

“Single Family Residential Parcel” means a Taxable Parcel created by the recordation of a Final Subdivision Map.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD. The Special Tax shall be levied as long as necessary to pay for the facilities to be financed by the CFD and to discharge authorized bond obligations of the CFD.

“Subdivision” or **“Subdivide”** means a division of a Parcel into two or more Successor Parcels through the Subdivision Map Act process.

“Successor Parcel” means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original or Successor Parcel. A Successor Parcel is classified as an Undeveloped Parcel, Tentative Map Parcel, Large Lot Parcel, or Developed Parcel using the definitions in **Section 2**.

“Tax Category” means the classification for Taxable Parcels as shown in **Attachment 2**. Each Taxable Parcel is assigned to a Tax Category.

“Tax Collection Schedule” means the document prepared by the District for the County Auditor to use in levying and collecting the Special Taxes each Fiscal Year.

“Tax Escalation Factor” means a factor of 2 percent that will be applied annually after the Base Year to increase the Maximum Annual Special Tax, as shown in **Attachment 1** and **Attachment 2**.

“Taxable Parcel” means any Parcel that is not a Tax-Exempt Parcel.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels, (ii) any Parcel that has prepaid its Special Taxes under **Section 7** hereof, or (iii) any Parcel that is exempt from the Special Tax under the Act. Certain privately owned Parcels may also be exempt from the levy of Special Taxes including common areas owned by homeowner’s associations or property owner associations, wetlands, detention basins, water quality ponds, and open space.

“Tentative Map” means a tentative subdivision map as defined by the Subdivision Map Act.

“Tentative Map Parcel” means a Parcel with an approved Tentative Map and no higher level of development entitlement as defined in this Tax Formula.

“Total Facility Cost Share” means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

“Undeveloped Parcels” means a Taxable Parcel that is not a Developed Parcel, Large Lot Parcel, or Tentative Map Parcel. A Remainder Parcel is classified as an Undeveloped Parcel.

“Unit(s)” means the number of taxable residential unit(s) assigned to a Parcel by the Administrator. Units are assigned based on the development potential of the Parcel. Typically, a Tentative Map will be used to determine the amount of Units to be assigned to a Parcel.

“Village” means a planned unit of development in the CFD, identified by number or letter designation, which is assigned Units, a Maximum Annual Special Tax per Unit, and a Maximum Annual Special Tax, as shown in **Attachment 2**. Villages are created by a Large Lot Subdivision Map.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Parcels subject to the Special Tax using the records of the County Assessor as of January 1, and other County development approval records. The District shall identify the Taxable Parcels from a list of all Parcels within the CFD using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.

However, Taxable Parcels that are acquired by a public agency after the CFD is formed or subsequent Final Subdivision Maps are recorded will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code by the procedure described in **Section 7**. An exception to this may be made if Public Parcels, such as a school site, are relocated and the previously Tax-Exempt Parcels of comparable acreage become Taxable Parcels. This trading of the Special Tax assigned to a Parcel or group of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

- 2) The remaining Parcels shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs however, in no event shall the Special Tax be levied beyond Fiscal Year 2041-2042.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the previously Taxable Parcels by the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Annual Special Tax

- A. **Classification of Parcels**. Each Fiscal Year, using the Definitions above, the parcel records of the County Assessor's Secured Tax Roll as of January 1, and other County development approval records, the District shall cause:
 1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel;
 2. Each Taxable Parcel is classified as an Original Parcel or a Successor Parcel.

3. Each Original Parcel or Successor Parcel is classified as a Developed Parcel, Final Map Parcel, Large Lot Parcel, Tentative Map Parcel, or Undeveloped Parcel.
- B. **Assignment of Maximum Annual Special Tax to Original Parcels.** The Maximum Annual Special Tax for each Original Parcel is shown on **Attachment 1**, as increased by the Tax Escalation Factor. Units assigned to Original Parcels in **Attachment 1** are based on Tentative Maps. As Original Parcels are Subdivided, the Units will be assigned to Large Lot Parcels based on the number of planned Units for each Large Lot Parcel that is designated for single family residential land uses. Large Lot Parcels that are designated for Other Taxable Uses will be assigned a Maximum Annual Special Tax based on the Acreage of the Parcel.
- C. **Assignment of Maximum Annual Special Tax to Successor Parcels.** The District shall assign the Maximum Annual Special Tax, as increased by the Tax Escalation Factor, to each Taxable Parcel as follows:
1. **Undeveloped Parcels.** The Maximum Annual Special Tax for Successor Parcel classified as an Undeveloped Parcel is calculated by multiplying the Acreage of the Parcel by the Maximum Annual Special Tax for Undeveloped Parcels shown in **Attachment 2**.
 2. **Tentative Map Parcels.** The Maximum Annual Special Tax for Successor Parcels classified as a Tentative Map Parcel is calculated using the following steps.
 - a. **Single Family Residential Uses.** A Tentative Map Parcel that is designated solely for single family residential use and other Public Uses is assigned a Maximum Annual Special Tax by multiplying the number of Units created by the Tentative Map by the Maximum Annual Special Tax for single family residential uses shown in **Attachment 2**.
 - b. **Other Taxable Uses.** A Tentative Map Parcel that is designated solely for Other Taxable Uses and other Public Uses is assigned a Maximum Annual Special Tax by multiplying the Acreage of the Parcel by the Maximum Annual Special Tax per acre for Other Taxable Uses shown in **Attachment 2**.
 - c. **Mixed Uses.** A Tentative Map Parcel that is designated for single family residential uses and Other Taxable Uses is assigned the Maximum Annual Special Tax by calculating the Maximum Annual Special Tax for single family residential uses using

Section 5.C.2.a, then adding the result to the Maximum Annual Special Tax calculated for Other Taxable Uses for the Tentative Map Parcels using **Section 5.C.2.b**.

3. **Large Lot Parcels – Single Family Residential Uses.** The Maximum Annual Special Tax assigned to a Successor Parcel that is a Large Lot Parcel which has a land use designation for single family residential uses is based on the number of Units assigned to Large Lot Parcel when an Original Parcel is subdivided. Each Large Lot Parcel should correspond to the Villages identified in **Attachment 2**. The Maximum Annual Special Tax per Unit (as shown in **Attachment 2**) for the corresponding Village is multiplied by the number of Units assigned to the Large Lot Parcel to derive the Maximum Annual Special Tax for the Large Lot Parcel.

Units are assigned to Successor Parcels that are designated as Large Lot Parcels in the following manner.

- a. Determine the total number of Units assigned to the Original Parcel(s) and/or Successor Parcel(s) that is to be Subdivided to create a Large Lot Parcel(s).
- b. Based on the records of the County, determine the number of developed Units that may be created on each Large Lot Parcel created. Records of the County may include approved Tentative Maps.
- c. Assign the Units to each Large Lot Parcel.
- d. If there is an overall reduction in assigned Units from the previous Original Parcel or Successor Parcel, the Administrator shall: (i) calculate the loss in Maximum CFD Revenue by multiplying the number of reduced Units by the Maximum Annual Special Tax per Unit from **Attachment 2**; and (ii) require the Prepayment of this difference pursuant to **Section 7**. Prepayment shall be made prior to, or concurrent with, recordation of the subdivision map creating the new Successor Parcel(s).

Such Prepayment may be avoided to the extent that the Administrator determines that the Maximum CFD Revenue, allowing for the loss of such Units, is expected to be sufficient to meet Annual Costs without the levy of a Special Tax on such Units.

4. **Large Lot Parcels – Other Taxable Uses.** The Maximum Annual Special Tax assigned to a Successor Parcel that is a Large Lot Parcel with a land use designation defined under “Other Taxable Uses” is based on the total Acreage multiplied by the Maximum Annual Special Tax per acre assigned to Large Lot Parcels – Other Taxable Uses in **Attachment 2**.
5. **Final Map Parcels – Single-Family Residential Uses.** The Maximum Annual Special Tax assigned to a Successor Parcel that is a Final Map Parcel which has a land use designation for single-family residential uses is assigned the Maximum Annual Special Tax per Unit for the corresponding Village, as shown in **Attachment 2**. The total number of Units created by the Final Subdivision Map should be no less than the number of Units assigned to the Large Lot Parcel(s) from which the Successor Parcels were created. If the total number of Units are less than the Units assigned to the Large Lot Parcel, perform the following steps.
 - a. Determine the total number of Units assigned to the Original Parcel(s) and/or Successor Parcel(s) that is to be subdivided to create the Final Map Parcels.
 - b. If there is an overall reduction in assigned Units from the previous Original Parcel or Successor Parcel, the Administrator shall: (i) calculate the loss in Maximum CFD Revenue by multiplying the number of reduced Units by the Maximum Annual Special Tax per Unit from **Attachment 2**; and (ii) require the Prepayment of this difference pursuant to **Section 7**. Prepayment shall be made prior to, or concurrent with, recordation of the subdivision map creating the new Successor Parcel(s).

Such Prepayment may be avoided to the extent that the Administrator determines that the Maximum CFD Revenue, allowing for the loss of such Units, is expected to be sufficient to meet Annual Costs without the levy of a Special Tax on such Units.
6. **Developed Parcels.** Developed Parcels shall be assigned the Maximum Annual Special Tax using the steps below.
 - a. **Single Family Residential.** The Maximum Annual Special Tax is assigned based Village in which the Single Family Residential Parcel is located, as shown in **Attachment 2**.

- b. **Other Taxable Uses.** Calculate the Maximum Annual Special Tax for the Other Uses by multiplying the Acreage of the Parcel by the Maximum Annual Special Tax per acre for Other Taxable Uses shown in **Attachment 2**.
- 7. **Annexation Parcels.** Parcels annexing to the CFD after formation shall be assigned a Maximum Annual Special Tax using definitions in **Section 2** and steps in **Section 5.B.** or **Section 5.C** above.
- D. **Assignment of Maximum Annual Special Tax Partial Prepayment Parcel.** The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the Maximum Annual Special Tax per Unit, as increased by the Tax Escalation Factor, from **Attachment 2**, or as otherwise calculated for a Developed Parcel, by the Partial Prepayment Factor for the Parcel.
- E. **Conversion of a Tax-Exempt Parcel to a Taxable Parcel.** If a Parcel designated in the CFD as a Tax-Exempt Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax, as increased by the Tax Escalation Factor, for each such Parcel shall be assigned according to the definitions in **Section 2** and steps in **Section 5.B** or **Section 5.C** above.
- F. **Taxable Parcel Acquired by a Public Agency.** A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum CFD Revenue, and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

6. Setting the Annual Special Tax for Taxable Parcels

The Administrator shall calculate the Special Tax levy for each Taxable Parcel for each fiscal year as follows:

- A. Calculate the Special Tax for each Taxable Parcel by using the following steps:
 - Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels by summing the Maximum Annual Special Tax for each Developed Parcel.
 - Step 2: Compute the Annual Costs using the definition of Annual Costs in **Section 2**.
 - Step 3: Compare the Annual Costs with the Maximum Annual Special Tax Revenue from Developed Parcels calculated in Step 1.
 - Step 4: If the Annual Costs are less than the Maximum Annual Special Tax Revenue, decrease the Special Tax proportionally for all Developed Parcels until the Maximum Annual Special Tax Revenue is just equal Annual Costs.
 - Step 5: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels, levy a proportional amount of Special Tax on each Final Map Parcel to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Final Map Parcels.
 - Step 6: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels and Final Map Parcels, levy a proportional amount of Special Tax on each Large Lot Parcel to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels.
 - Step 7: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels, Final Map Parcels, and Large Lot Parcels, levy a proportional amount of Special Tax on each Tentative Map Parcel to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Tentative Map Parcels.
 - Step 8: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels, Large Lot Parcels, and

Tentative Map Parcels, levy a proportional amount of Special Tax on each Undeveloped Parcel to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels.

- B. Levy on each Taxable Parcel the amount calculated above.
- C. Prepare the Tax Collection Schedule listing the tax levy for each Taxable Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The Administrator shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to advise the District of any alleged errors in the determination of the Parcels subject to the tax and the assignment of the Special Tax to the Parcels.

As development and subdivision of North Plumas Lake takes place, the Administrator will maintain a file of each current Assessor's Parcel Number within the CFD, its Maximum Annual Special Tax, and the number of Units assigned to all Original Parcels and Successor Parcels, and the Maximum CFD Revenues for all Parcels within the CFD available for public inspection. This record shall show the Maximum Annual Special Tax on all Original, Undeveloped, Tentative Map, Large Lot, and Developed Parcels and a brief description of the process of assigning the Special Tax each time a new Parcel was created, including any adjustments due to change in use.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The Administrator determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent special taxes and penalties before prepayment.

- The landowner may make a request to the Administrator to partially prepay the Special Tax obligation for a Taxable Parcel or Parcels, and the Administrator will determine whether or not to allow the Partial Prepayment.

The Prepayment amount shall be established by following the steps in Part A and Part B below:

Part A: Full Prepayment of Special Tax Obligation Before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in the establishment of the CFD and the calculation of the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below.

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step A.2 Divide the Maximum Annual Special Tax from Step A.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from Step A.2 by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying Parcel calculated in Step A.3 any fees and expenses incurred by the County in connection with the prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation After Sale of Bonds

The Prepayment amount shall be established by following the steps below.

- Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.
- Step B.2 Divide the Maximum Annual Special Tax from Step B.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.
- Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step B.2 by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.
- Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in Step B.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all Outstanding Bonds or the actual Reserve Fund, whichever is less, multiplied by the Benefit Share.
- Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in Step B.4 any fees, call premiums, and expenses incurred by the County in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based upon a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole number multiple of \$5,000. If the Administrator approves a Partial Prepayment, the Administrator shall determine the Partial Prepayment Factor by the following procedure:

- Step C.1 Calculate the Full Prepayment Amount from Step A.4 or B.5 above;
- Step C.2 Subtract the amount of the Partial Prepayment from the Full Prepayment amount calculated in Part A or Part B above;

- Step C.3 Subtract any fixed costs (such as the cost of the Prepayment calculation and other fees which do not vary proportionally with the size of the Prepayment) of the Prepayment from the Full Prepayment amount in Step C.1;
- Step C.4 Divide the result of Step C.2 by the result of Step C.3 to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used in decreasing the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid;
- Step C.5 If a Partial Prepayment has previously been made for this Parcel, multiply the result of Step C.4 times the previously calculated Partial Prepayment Factor.

8. Appeals

Any taxpayer that feels that the amount of the Special Tax assigned to a Parcel is in error may appeal the levy of the Special Tax by filing a notice with the District. The District will then promptly review the appeal, and if necessary, meet with the applicant. If the District verifies that the tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

9. Interpretations of the Special Tax Formula

The District reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning the Special Taxes. The interpretation and application of any section of this document shall be left to the District's discretion. Interpretations may be made by ordinance or resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

10. Collection of Annual Special Tax

The Special Tax will be collected in the same manner and at the same time as the *ad valorem* property taxes; provided, however, that the District or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligation.

Attachment 1
Olivehurst Public Utility District
North Plumas Lake CFD No. 2005-1
(Wheeler Ranch)
Maximum Annual Special Tax By Original Parcel [1]

Assessor's Parcel Number	Number of Assigned Units	Maximum Annual Special Tax Per Unit	Maximum Annual Special Tax Per Original Parcel
014-260-019	20	\$1,425	\$28,500
014-260-102	1,122	\$1,425	\$1,598,850
Totals	1,142		\$1,627,350

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[1] The maximum annual special tax is increased each Fiscal Year after the Base Year by the Tax Escalation Factor.

**Attachment 2
 Olivehurst Public Utility District
 North Plumas Lake CFD No. 2005-1
 (Wheeler Ranch)
 Maximum Annual Special Taxes by Land Use**

Tax Category	No. of Taxable Units	Maximum Annual Special Tax Per Unit/Acre [1]	Maximum Annual Special Tax Revenue
Developed Parcels			
Phase I			
Village 1-2	146	\$1,300	\$189,800
Village 1-3	106	\$1,500	\$159,000
Village 1-4	92	\$1,700	\$156,400
Village 1-5	148	\$1,700	\$251,600
Village 1-6	89	\$1,300	\$115,700
Village 1-7	86	\$1,300	\$111,800
Phase II			
Village 2-1	109	\$1,500	\$163,500
Village 2-2	117	\$1,300	\$152,100
Village 2-3	74	\$1,300	\$96,200
Village 2-4	93	\$1,700	\$158,100
Village 2-5	82	\$1,500	\$123,000
Condominium	<u>0</u>	\$600	<u>\$0</u>
Totals - Developed Parcels	1,142		\$1,677,200
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Final Map Parcel	1,142	<i>per Unit</i> \$1,425	\$1,627,350
Large Lot Parcel	1,142	\$1,425	\$1,627,350
Undeveloped Parcel	312	\$5,220	\$1,628,640
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Other Land Uses		<i>per Acre</i> \$6,400	

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[1] The maximum annual special tax is increased each Fiscal Year after the Base Year by the Tax Escalation Factor.