

20
RF



Nevada, County Recorder
Kathleen Smith
DOC- 2004-0032789-00

**Recording Requested By and
When Recorded Mail To:**

Stradling Yocca Carlson & Rauth,
a Professional Corporation
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: John J. Murphy, Esq.

Thursday, AUG 05, 2004 09:00:00

NOC \$0.00

Ttl Pd \$0.00

Nbr-0000323255

ALB/AB/1-20

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

**NOTICE OF SPECIAL TAX LIEN
FOR TRUCKEE DONNER PUBLIC UTILITY DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 04-1 (GRAY'S CROSSING)**

Pursuant to the requirements of Section 3114.5 of the California Streets and Highways Code and Section 53328.3 of the California Government Code, the undersigned Clerk of the Truckee Donner Public Utility District (the "Public Utility District"), hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the Board of Directors of the Public Utility District, sitting as the legislative body of the Truckee Donner Public Utility District Community Facilities District No. 04-1 (Gray's Crossing) (the "Community Facilities District"). The special tax secured by this lien is authorized to be levied for the purpose of: (i) financing the cost of planning, designing, constructing, acquiring, modifying, expanding, improving, furnishing, equipping or rehabilitating certain real and other tangible property with an estimated useful life of five years or longer, consisting of certain water supply and distribution and fire suppression facilities; electrical supply and distribution facilities; street improvements; public plazas, parks and trails; sanitary sewer facilities; storm drains and flood control facilities; utility facilities and mitigation associated with the foregoing as well as appurtenances and appurtenant work (collectively, the "Facilities"), and paying the incidental expenses to be incurred in connection with financing the Facilities, including costs associated with the creation of the Community Facilities District and the issuance of bonds, the establishment and replenishment of bond reserve and special reserve funds (the "Incidental Expenses"); (ii) paying for the cost of purchasing, constructing, expanding, improving or rehabilitating the Facilities; (iii) paying for the costs of forming the Community Facilities District and administering the levy and collection of the special tax; and (iv) paying for all other costs incidental to the special tax levy, the issuance of bonds and certificates of participation for the Facilities or the planning, construction, completion and inspection of the Facilities, including, but not limited to the payment of incidental expenses of the Community Facilities District.

The special tax is authorized to be levied within the Community Facilities District, which has now been officially formed; and the lien is a continuing lien which shall secure each annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the California Government Code.

The rate, method of apportionment and manner of collection of the authorized special tax is as set forth in Appendix A attached hereto and incorporated herein by this reference (the "Rate and Method").

032789

Pursuant to Section 53321 of the Government Code, the special tax obligation may be prepaid and permanently satisfied upon satisfaction of the conditions set forth in the Rate and Method.

Notice is further given that upon the recording of this notice in the office of the County Recorder of the County of Nevada, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within the Community Facilities District in accordance with Section 3115.5 of the Streets and Highway Code.

The names of the owners and the assessor's tax parcel numbers of the real property included within the Community Facilities District and not exempt from the special tax are as set forth in Appendix B attached hereto and incorporated herein by this reference.

Reference is made to the amended boundary map of the Community Facilities District recorded at Book No. 1 of Maps of Assessment and Community Facilities Districts, at Page 127, in the office of the County Recorder for the County of Nevada, which map is now the final boundary map of the Community Facilities District.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the office of the Assistant General Manager of the Truckee Donner Public Utility District, 11570 Donner Pass Road, Truckee, California 96160, (530) 582-3934.



Clerk of the Truckee Donner Public Utility District

Peter Holzmeister

APPENDIX A

RATE AND METHOD OF APPORTIONMENT FOR TRUCKEE DONNER PUBLIC UTILITY DISTRICT COMMUNITY FACILITIES DISTRICT NO. 04-1 (GRAY'S CROSSING)

A Special Tax applicable to each Assessor's Parcel in the Truckee Donner Public Utility District Community Facilities District No. 04-1 (Gray's Crossing) [herein "CFD No. 04-1"] shall be levied and collected according to the tax liability determined by the Board of Directors 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. 04-1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD 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 parcel map recorded with the County.

"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 TDPUD carrying out its duties with respect to CFD No. 04-1 and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the County Auditor's Office, Tax Collector's Office, and/or Treasurer's Office, costs related to annexing property into the CFD, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Tax, and all other costs and expenses of the TDPUD in any way related to the establishment or administration of the CFD.

"Administrator" means the person or firm designated by the TDPUD to administer the Special Tax according to this Rate and Method of Apportionment of Special Tax.

"Affordable Unit" means any Unit within CFD No. 04-1 which is subject to (i) a deed-restricted cap limiting the appreciation that can be realized by the owner of the Unit for thirty (30) years, or (ii) another such deed restriction that replaces the 30-year appreciation cap in future years. In the Fiscal Year after the Fiscal Year in which the deed-restriction on an Affordable Unit expires, such Unit shall be taxed as Single Family Detached Property or Single Family Attached Property, as applicable.

032789

“Assessor’s Parcel” or “Parcel” means a lot or parcel, including an airspace parcel for a condominium unit or Loft Unit, 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.

“Association Property” means any property within the CFD that is owned by a homeowners association, excluding such property under the pad or footprint of a Unit. Association Property shall also include property designated as open space in a recorded Final Map whether or not such property has yet been dedicated to a homeowners association, public agency, or private land trust.

“Board of Directors” or “Board” means the Board of Directors of the TDPUD.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 04-1 related to public infrastructure and/or improvements that are authorized to be funded by CFD No. 04-1.

“Building Square Footage” means the total gross square footage of the floor area of a non-residential building determined by calculating the combined floor area contained within the building’s exterior walls including the area of an addition where floor area is increased. Parking areas and exterior walkways shall not be included in the calculation of Building Square Footage.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“Center for the Arts Property” means the property on which a building permit has been issued for construction of the “Center for the Arts” required pursuant to the Development Agreement, subject to the limitation set forth in Section G below.

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 04-1 was adopted by the Board of Directors.

“Church Property” means, in any Fiscal Year, any Parcel in CFD 04-1 that meets both of the following criteria: (i) the Parcel is owned by a religious organization which is exempt from ad valorem property tax, and (ii) a building permit has been issued for construction of a building on the Parcel that will be used solely as a place of worship. The amount of Church Property within the CFD shall be subject to the limitation set forth in Section G below.

“County” means the County of Nevada.

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

- for Single Family Detached Property, all parcels for which a Final Map was recorded prior to May 1 of the preceding Fiscal Year
- for Single Family Attached Property, all parcels for which a building permit for new construction of a residential structure was issued prior to May 1 of the preceding Fiscal Year

- for Golf Course Property, all Parcels that make up the Golf Course Property if the certificate of occupancy for the proshop or clubhouse associated with the golf course was issued at least twenty-four (24) months in advance of May 1 of the preceding Fiscal Year
- for Non-Residential Property, all parcels for which a building permit for new construction of a non-residential structure (which may include Loft Units) was issued prior to May 1 of the preceding Fiscal Year

“Development Agreement” means the Development Agreement executed between the Town and Gray’s Crossing LLC on March 25, 2004.

“Excess Public Property” means the acres of Public Property that exceed the acreage exempted in Section G below. In any Fiscal Year in which a Special Tax must be levied on Excess Public Property pursuant to Step 5 in Section E below, Excess Public Property shall be those Assessor’s Parcel(s) that most recently became Public Property based on the dates on which Final Maps recorded creating such Public Property or, if an Assessor’s Parcel became Public Property other than through a Final Map, as determined by the Administrator.

“Expected Affordable Units” means a total of 36 Units within CFD No. 04-1 that are expected to be Affordable Units. If, in any Fiscal Year, the Administrator identifies a total number of Affordable Units within CFD No. 04-1 that exceeds 36 Units, only the first 36 Units for which building permits were issued shall remain exempt from the Special Tax pursuant to Section G below. Affordable Units for which permits are issued after building permits for the 36 Expected Affordable Units have been issued shall be taxed as follows: (i) based on the size of the lot if the Unit is Single Family Detached Property, as Single Family Attached Property if the Unit meets the definition set forth for such property below, or (iii) as a Loft Unit if the Unit is located above a retail establishment.

“Expected Land Uses” means the total number of Units and size of SFD Lots expected to be constructed within the CFD as determined from time to time by the Administrator after applying the steps in Section D below. At CFD Formation, the Expected Land Uses were those expected to be reflected in the Tentative Map. The Expected Land Uses at CFD Formation are summarized in Attachment 1 hereto; the Administrator shall update Attachments 1 and 2 each time a change occurs to the land use plans for property in the CFD.

“Expected Maximum Special Tax Revenues” means the amount of annual revenue that would be available if the Maximum Special Tax was levied on the Expected Land Uses. The Expected Maximum Special Tax Revenues as of CFD Formation are shown in Attachment 1 of this Rate and Method of Apportionment of Special Tax.

“Final Bond Sale” means the last series of Bonds that will be issued on behalf of CFD No. 04-1 (excluding any Bond refundings), as determined in the sole discretion of the TDPUD.

“Final Map” means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots on which building permits for new construction may be issued without further subdivision and for which no further subdivision is anticipated pursuant to the Tentative Map.

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

“Fitness Facility Property” means any Assessor’s Parcels within the CFD that meets both of the following criteria (i) a building permit has been issued for construction of a swim or fitness facility on the Parcel, and (ii) based on the size of the Parcel, no other buildings can be constructed on the Parcel.

“Fractional Unit” means a single family detached unit or a single family attached unit for which multiple owners may each purchase a fractional share of ownership (also referred to as a timeshare unit by the California Department of Real Estate).

“Golf Course Property” means any property within CFD No. 04-1 that is used as a golf course, including but not limited to, a driving range, clubhouse, pro shop, parking, outbuildings, and other golf-related amenities. Golf Course Property shall also include any property within the CFD that is used or expected to be used for a swim and/or fitness facility if such facility is located on the same Assessor’s Parcel as the clubhouse, pro shop or other golf-related buildings.

“Lodging Unit” means a unit that is (i) offered for rent to the general public on an overnight or limited stay basis, as defined in the Development Agreement, and (ii) constructed within the geographic area labeled Neighborhood Commercial in Attachment 2. If Fractional Units are built within the Neighborhood Commercial area, all such units shall be taxed at the same rate as other Units of Single Family Attached Property within the CFD.

“Loft Unit” means a residential Unit located above and attached to a commercial establishment, which shall not under any circumstance include a residential Unit within which the owner of such Unit operates an at-home business operation.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Section C below, as may be adjusted pursuant to Step 3 in Section D below.

“Non-Residential Property” means, in any Fiscal Year, all Parcels of Taxable Property which are not Single Family Detached Property, Single Family Attached Property, Golf Course Property, Loft Units, Association Property, Excess Public Property, or Undeveloped Property. As discussed below, Loft Units shall be taxed separately from the non-residential Building Square Footage on the Parcel.

“Proportionately” means, for Developed Property, 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 Assessor’s Parcels of Developed Property, and for Undeveloped Property that the ratio of the actual Special Tax 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. 04-1 that is owned by the federal government, the State of California, the County, the Town, the TDPUD, or other public agency.

“Rental Property” means, in any Fiscal Year, all Parcels within the CFD for which a building permit was issued for construction of a residential structure with multiple Units that share common walls, all of which are offered or are expected to be offered for rent to the general public and/or

032789

employees. Fractional Units and Loft Units within the CFD shall at no time be categorized as Rental Property. Lodging Units shall also be categorized as Rental Property for purposes of this Rate and Method of Apportionment of Special Tax.

“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 a single family detached unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to the Tentative Map.

“Single Family Attached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a residential structure consisting of two or more Units that share common walls and are offered or expected to be offered as for-sale units, including, but not limited to, such residential structures that meet that statutory definition of a condominium contained in Civil Code Section 1351.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued or is permitted to be issued for construction of a Unit that does not share a common wall with another Unit, including detached Fractional Units.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds which is due in the calendar year that begins in such Fiscal Year; (ii) create and/or replenish reserve funds for the Bonds; (iii) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or, based on existing delinquencies in the payment of Special Taxes, are expected to occur in the Fiscal Year in which the tax will be collected; (iv) pay Administrative Expenses; and (v) pay the costs of public improvements and public infrastructure authorized to be financed by CFD No. 04-1. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to a Bond indenture, Bond resolution, or other legal document that sets forth these terms; (ii) proceeds received by CFD No. 04-1 from the collection of penalties associated with delinquent Special Taxes; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 04-1 which are not exempt from the Special Tax pursuant to law or Section G below.

“Tax Zone” means one of the two mutually exclusive geographic areas defined below and identified in Attachment 2 of this Rate and Method of Apportionment of Special Tax, and any subsequent Tax Zones created to contain property annexed into the CFD after CFD Formation.

“Tax Zone #1” means the geographic area that is specifically identified in Attachment 2 of this Rate and Method of Apportionment of Special Tax as Tax Zone #1.

“Tax Zone #2” means the geographic area that is specifically identified in Attachment 2 of this Rate and Method of Apportionment of Special Tax as Tax Zone #2.

“TDPUD” means the Truckee Donner Public Utility District.

032789

“Tentative Map” means the tentative subdivision map for the Gray’s Crossing Planned Development approved by the Town on February 5, 2004.

“Town” means the incorporated Town of Truckee.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property within the CFD that are not Developed Property.

“Unit” means (i) for Single Family Detached Property, an individual single-family detached unit, (ii) an individual Loft Unit, and (iii) for Single Family Attached Property, an individual residential unit within a duplex, triplex, fourplex, townhome, or condominium structure.

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. The Administrator shall also determine: (i) whether each Assessor’s Parcel of Taxable Property is Developed Property or Undeveloped Property, (ii) for Developed Property, which Parcels are Single Family Detached Property, Single Family Attached Property, Loft Units, Golf Course Property and Non-Residential Property, (iii) for Parcels of Single Family Attached Property, the number of Units on each Parcel, (iv) for Single Family Detached Property, the size of each residential lot within Final Maps that have been recorded, (v) whether there are Parcels of Rental Property, Excess Public Property, or Parcels with Affordable Units, and (vi) the Special Tax Requirement.

For Single Family Attached Property, the number of Units shall be determined by referencing the site plan, condominium plan, or other development plan. For Non-Residential Property that includes Loft Units, the Administrator shall reference the condominium map or other such development plan to determine the Building Square Footage, or if such map or plan is not available, the Administrator shall determine the Building Square Footage associated with the Loft Units and subtract the square footage thereof from the total Building Square Footage to determine the square footage that will be subject to the Maximum Special Tax for Non-Residential Property. If, in any Fiscal Year, an Assessor’s Parcel includes both Developed Property and Undeveloped Property, the Administrator shall determine the Acreage associated with the Developed Property, subtract this Acreage from the total Acreage of the Assessor’s Parcel, and use the remaining Acreage to calculate the Special Tax that will apply to Undeveloped Property within the Assessor’s Parcel.

In addition, the Administrator shall, *on an ongoing basis*, monitor whether changes in land use have been proposed that will affect the Expected Land Uses and whether Final Maps that have been proposed for approval by the Town are consistent with the Expected Land Uses. If changes to the Expected Land Uses are proposed, the Administrator shall apply the steps set forth in Section D below.

C. MAXIMUM SPECIAL TAX

1. Single Family Detached Property

The Maximum Special Tax for Single Family Detached Property for Fiscal Year 2004-05 is shown in Table 1 below:

TABLE 1

A-6

032789

TDPUD CFD No. 2004-1

Maximum Special Tax for Single Family Detached Property

<i>Type of Property</i>	<i>Lot Size</i>	<i>Maximum Special Tax in Tax Zone #1 Fiscal Year 2004-05 *</i>	<i>Maximum Special Tax in Tax Zone #2 Fiscal Year 2004-05 *</i>
Single Family Detached Property	Greater than 22,000 square feet	\$3,300 per SFD Lot	\$4,125 per SFD Lot
Single Family Detached Property	20,001 to 22,000 square feet	\$3,200 per SFD Lot	\$4,000 per SFD Lot
Single Family Detached Property	18,001 to 20,000 square feet	\$3,100 per SFD Lot	\$3,875 per SFD Lot
Single Family Detached Property	16,001 to 18,000 square feet	\$3,000 per SFD Lot	\$3,750 per SFD Lot
Single Family Detached Property	14,001 to 16,000 square feet	\$2,900 per SFD Lot	\$3,625 per SFD Lot
Single Family Detached Property	12,001 to 14,000 square feet	\$2,800 per SFD Lot	\$3,500 per SFD Lot
Single Family Detached Property	8,000 to 12,000 square feet	\$2,700 per SFD Lot	\$3,375 per SFD Lot
Single Family Detached Property	Less than 8,000 square feet	\$1,800 per SFD Lot	\$1,800 per SFD Lot

On July 1, 2005 and on each July 1 thereafter, the Maximum Special Taxes shown in Table 1 above shall be increased by an amount equal to two percent (2%) of the amount in effect for the prior Fiscal Year.

The square footage of SFD Lots shall be determined by reference to County Assessor's Parcel Maps or, to the extent such Maps do not reflect square footage of the SFD Lots, by reference to the lot size summary provided by the engineering firm that produced the Final Map.

2. *Single Family Attached Property*

The Maximum Special Tax for Single Family Attached Property for Fiscal Year 2004-05 is \$1,800 per Unit. On July 1, 2005 and on each July 1 thereafter, this Maximum Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the prior Fiscal Year.

3. *Loft Units*

The Maximum Special Tax for Loft Units for Fiscal Year 2004-05 is \$1,200 per Unit. On July 1, 2005 and on each July 1 thereafter, this Maximum Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the prior Fiscal Year.

4. *Non-Residential Property*

The Maximum Special Tax for Non-Residential Property for Fiscal Year 2004-05 is \$2.50 per square foot of Building Square Footage. On July 1, 2005 and on each July 1 thereafter, this Maximum Special Tax shall be increased each Fiscal Year thereafter by an amount equal to two percent (2%) of the amount in effect the prior Fiscal Year.

5. *Golf Course Property*

The Maximum Special Tax assigned to Golf Course Property for Fiscal Year 2004-05 is \$200,000. On July 1, 2005 and on each July 1 thereafter, this Maximum Special Tax shall be increased each Fiscal Year thereafter by an amount equal to two percent (2%) of the amount in effect the prior Fiscal Year. If the Golf Course Property is fully contained within one Assessor's Parcel, the Maximum Special Tax identified above shall be collected from the Parcel. If the Golf Course Property is spread over more than one Assessor's Parcel, the following steps shall be applied in the first Fiscal Year in which the Golf Course Property is Developed Property to determine the Maximum Special Tax to be assigned to each Parcel:

- Step 1:** Multiply the total Maximum Special Tax assigned to the Golf Course Property by fifty percent (50%);
- Step 2:** Determine the combined Acreage of all Assessor's Parcels on which the clubhouse, pro shop, driving range, parking lot, and other outbuildings are located;
- Step 3:** Divide the amount determined in Step 1 by the Acreage identified in Step 2 to calculate a per-acre Special Tax;
- Step 4:** Multiply the per-acre Special Tax calculated in Step 3 by the Acreage of each Assessor's Parcel on which the clubhouse, pro shop, driving range, parking lot, and other outbuildings are located to calculate the Maximum Special Tax for each of the Parcels;
- Step 5:** Determine the combined Acreage of all Assessor's Parcels of Golf Course Property that were not included in the Acreage calculated in Step 2 above;
- Step 6:** Divide the amount determined in Step 1 by the Acreage calculated in Step 5 to calculate a per-acre Special Tax;
- Step 7:** Multiply the per-acre Special Tax calculated in Step 6 by the Acreage of each Assessor's Parcel included in the figure determined in Step 5 to calculate the Maximum Special Tax for each of the Parcels.

The Maximum Special Tax determined for each Assessor's Parcel of Golf Course Property pursuant to the steps set forth above shall be increased on July 1 of the following Fiscal Year, and on each July 1 thereafter, by an amount equal to two percent (2%) of the amount in effect the prior Fiscal Year. If an Assessor's Parcel of Golf Course Property is further subdivided or otherwise reconfigured, the Maximum Special Tax assigned to the Parcel shall be allocated to the new Parcels on an Acreage basis.

6. *Undeveloped Property*

The Maximum Special Tax for Undeveloped Property for Fiscal Year 2004-05 is \$17,500 per Acre. On July 1, 2005 and on each July 1 thereafter, this Maximum Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the prior Fiscal Year.

D. BACK-UP FORMULA

The Maximum Special Taxes set forth in Section C above were calculated based on the Expected Land Uses at CFD Formation. The Administrator shall review Tentative Map revisions and other changes to the land uses within the CFD and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenues. In addition, the Administrator shall review Final Maps to ensure they reflect the number and size of SFD Lots that were anticipated in the Tentative Map.

If, *prior to the Final Bond Sale*, a change to the Expected Land Uses (a "Land Use/Entitlement Change") is proposed that will result in a reduction in the Expected Maximum Special Tax Revenues, no action will be needed pursuant to this Section D as long as the reduction in Expected Maximum Special Tax Revenues does not reduce debt service coverage on outstanding Bonds below the amount committed to in the Bond documents. Upon approval of the Land Use/Entitlement Change, the Administrator shall update Attachment 1 to show the reduced Expected Maximum Special Tax Revenues, and the reduced Expected Maximum Special Tax Revenues shall be the amount used to by the TDPUD to make future decisions with respect to Bonds.

If a proposed Land Use/Entitlement Change would reduce the debt service coverage required on outstanding Bonds or if the Land Use/Entitlement Change is proposed *after the Final Bond Sale*, the following steps shall be applied:

- Step 1:*** By reference to Attachment 1 (which will be updated by the Administrator each time a Land Use/Entitlement Change has been processed according to this Section D), the Administrator shall identify the Expected Maximum Special Tax Revenues for CFD No. 04-1;
- Step 2:*** The Administrator shall calculate the Maximum Special Tax revenues that could be collected from property in the CFD if the Land Use/Entitlement Change is approved;
- Step 3:*** If the amount determined in Step 2 is higher than that calculated in Step 1, the Land Use/Entitlement Change may be approved without further action. If the revenues calculated in Step 2 are less than those calculated in Step 1, and if:
 - (a) The landowner does not withdraw the request for the Land Use/Entitlement Change that was submitted to the Town; **or**
 - (b) Before approval of the Land Use/Entitlement Change, the landowner requesting the Land Use/Entitlement Change does not prepay a portion of the Special Tax for the CFD in an amount that corresponds to the lost Maximum Special Tax revenue, as determined by applying the steps set forth in Section H below;

032789

then, the amount of the prepayment determined in Step 3.b shall be allocated on a per-acre basis and included on the next property tax bill for all Assessor's Parcels within the property affected by the Land Use/Entitlement Change. The amount allocated to each Assessor's Parcel shall be added to and, until paid, shall be a part of, the Maximum Special Tax for the Assessor's Parcel.

If multiple Land Use/Entitlement Changes are proposed at one time (which may include approval of multiple Final Maps at one time), the Administrator may consider the combined effect of all the Land Use/Entitlement Changes to determine if there is a reduction in Expected Maximum Special Tax Revenues that necessitates implementation of Step 3.b. If, based on this comprehensive analysis, the Administrator determines that there is a reduction in Expected Maximum Special Tax Revenue, **and all of the Land Use/Entitlement Changes are being proposed by the same land owner**, the Administrator shall determine the required prepayment (pursuant to Step 3.b) by analyzing the combined impact of all of the proposed Land Use/Entitlement Changes. Notwithstanding the foregoing, if the Administrator analyzes the combined impacts of multiple Land Use/Entitlement Changes, and the Town subsequently does not approve one or more of the Land Use/Entitlement Changes that was proposed, the Administrator shall once again apply the three steps set forth above to determine the combined impact of those Land Use/Entitlement Changes that were approved simultaneously by the Town.

If, based on the comprehensive analysis, the Administrator determines that there is a reduction in Expected Maximum Special Tax Revenue, and the Land Use/Entitlement Changes are not all being proposed by the same land owner, the Administrator shall consider the proposed Land Use/Entitlement Changes individually to determine the required prepayment from each owner.

E. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year, and the Special Tax shall be levied according to the steps outlined below.

- Step 1:** The Special Tax shall be levied Proportionately on each Parcel of Developed Property within the CFD that is Single Family Detached Property, Single Family Attached Property, or a Loft Unit up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on such Developed Property is equal to the 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, and after applying Capitalized Interest to the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Developed Property within the CFD that is Non-Residential Property up to 100% of the Maximum Special Tax for such Developed Property for such Fiscal Year determined pursuant to Section C.
- Step 3:** If additional revenue is needed after Step 2, the Special Tax shall be levied Proportionately on each Parcel of Developed Property within the CFD that is Golf Course Property up to 100% of the Maximum Special Tax for such Developed Property for such Fiscal Year determined pursuant to Section C.

032789

- Step 4:** If additional revenue is needed after Step 3, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property within the CFD, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year determined pursuant to Section C.
- Step 5:** If additional revenue is needed after Step 4, the Special Tax shall be levied Proportionately on each Parcel of Association Property within the CFD, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year determined pursuant to Section C.
- Step 6:** If additional revenue is needed after Step 5, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Excess Public Property, exclusive of property exempt from the Special Tax pursuant to Section G below, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year determined pursuant to Section C.

F. COLLECTION OF SPECIAL TAX

The Special Taxes for CFD No. 04-1 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that the TDPUD may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax for Fractional Units may be billed either directly to individual fractional share owners or to a homeowners association, which shall then bill the individual fractional share owners; non-payment of Special Taxes billed by the homeowners association shall result in interest and penalties, and the fractional ownership shall be subject to foreclosure proceedings as set forth in the Bond covenants.

The Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, TDPUD's costs of constructing or acquiring authorized facilities from Special Tax proceeds have been paid, and all administrative expenses have been reimbursed. However, in no event shall a Special Tax be levied after Fiscal Year 2043-44. Pursuant to Section 53321 (d) of the Act, the Special Tax levied against a Parcel used for private residential purposes shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied.

G. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Tax shall be levied on up to 42.2 acres of Public Property, 237.7 acres of Association Property, 2 acres of property on which Lodge Units have been or, based on building permits that have been issued, are expected to be built, 0.67 of an acre of Center for the Arts Property, Fitness Facility Property, and 9 acres of Church Property. A separate amount of public acreage may be exempted each time property annexes into CFD No. 04-1, and such additional exemption shall only apply to property within the annexation area. A Special Tax may be levied on Excess Public Property pursuant to Step 5 of Section E; however, a public agency may prepay or cause the

prepayment of the special tax obligation on land conveyed to it that would be classified as Excess Public Property.

In addition, no Special Tax shall be levied in any Fiscal Year on Rental Property or Affordable Units.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

“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 such 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 on behalf of the CFD prior to the date of prepayment.

“Public Facilities Requirements” means either \$24,000,000 in 2004 dollars, which shall increase on January 1, 2005, 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 TDPUD 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 CFD No. 2004-1. The Public Facilities Requirements shown above may be adjusted or a separate Public Facilities Requirements identified each time property annexes into CFD No. 04-1; 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. In addition, the Public Facilities Requirement may be adjusted if the total number of Units authorized to be constructed within the CFD is increased by the Town; this adjustment to the Public Facilities Requirement shall not exceed the amount of public improvement costs that are expected to be supportable by the Maximum Special Tax revenues generated by the additional number of Units approved by the Town.

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

The Special Tax obligation applicable to an Assessor’s Parcel in the CFD 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 TDPUD with written notice of intent to prepay. Within 30 days of receipt of such written notice, the TDPUD or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75

032789

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 TDPUD or, in the event of a prepayment pursuant to Step 3.b in Section D, compute the amount by which the Maximum Special Tax revenues would be reduced by the Land Use/Entitlement Change and use the amount of this reduction as the figure for purposes of this Step 1.
- Step 2.** Divide the Maximum Special Tax from Step 1 by the then-current Expected Maximum Special Tax Revenues for 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 TDPUD 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

032789

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*").

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment. The Maximum Special Tax that can be levied on an Assessor's Parcel after a partial prepayment is made is equal to the Maximum Special Tax that could have been levied prior to the prepayment, reduced by the percentage of a full prepayment that the partial prepayment represents, all as determined by or at the direction of the Administrator.

I. INTERPRETATION OF SPECIAL TAX FORMULA

The TDPUD reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the TDPUD's discretion. Interpretations may be made by the TDPUD by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

032789

ATTACHMENT 1

**EXPECTED LAND USES AND
EXPECTED MAXIMUM SPECIAL TAX REVENUES
AT CFD FORMATION**

Expected Land Uses	Number of Expected Lots/Units/ Acres/ Building Square Feet	Maximum Special Tax Per Unit/ Square Foot, FY 2004-05 *	Total Expected Maximum Special Tax Revenues *
TAX ZONE #1			
SFD Lots Greater than 22,000 Square Feet	2	\$3,300 per SFD Lot	\$6,600
SFD Lots, 20,001 to 22,000 Square Feet	4	\$3,200 per SFD Lot	\$12,800
SFD Lots, 18,001 to 20,000 Square Feet	12	\$3,100 per SFD Lot	\$37,200
SFD Lots, 16,001 to 18,000 Square Feet	32	\$3,000 per SFD Lot	\$96,000
SFD Lots, 14,001 to 16,000 Square Feet	46	\$2,900 per SFD Lot	\$133,400
SFD Lots, 12,001 to 14,000 Square Feet	5	\$2,800 per SFD Lot	\$14,000
SFD Lots, 8,000 to 12,000 Square Feet	0	\$2,700 per SFD Lot	\$0
SFD Lots Less than 8,000 Square Feet	61	\$1,800 per SFD Lot	\$109,800
TAX ZONE #2			
SFD Lots Greater than 22,000 Square Feet	10	\$4,125 per SFD Lot	\$41,250
SFD Lots, 20,001 to 22,000 Square Feet	7	\$4,000 per SFD Lot	\$28,000
SFD Lots, 18,001 to 20,000 Square Feet	19	\$3,875 per SFD Lot	\$73,625
SFD Lots, 16,001 to 18,000 Square Feet	100	\$3,750 per SFD Lot	\$375,000
SFD Lots, 14,001 to 16,000 Square Feet	118	\$3,625 per SFD Lot	\$427,750
SFD Lots, 12,001 to 14,000 Square Feet	43	\$3,500 per SFD Lot	\$150,500
SFD Lots, 8,000 to 12,000 Square Feet	10	\$3,375 per SFD Lot	\$33,750
SFD Lots Less than 8,000 Square Feet	0	\$1,800 per SFD Lot	\$0
Single Family Attached Units	107	\$1,800 per Unit	\$192,600
Loft Units	21	\$1,200 per Unit	\$25,200
Non-Residential Building Square Footage	40,700	\$2.50 per square foot N/A	\$101,750
Golf Course	N/A		\$200,000
Total Expected Maximum Special Tax Revenues			\$2,059,225

* Figures are shown in fiscal year 2004-05 dollars and will escalate two percent (2%) per year thereafter.

032789

ATTACHMENT 2

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 04-1
(GRAY'S CROSSING)**

IDENTIFICATION OF TAX ZONES

032789

SHEET 1 OF 1

IDENTIFICATION OF TAX ZONES FOR
 PROPOSED COMMUNITY FACILITIES DISTRICT NO. 04-1
 (GRAY'S CROSSING)
 TRUCKEE DONNER PUBLIC UTILITY DISTRICT
 COUNTY OF NEVADA
 STATE OF CALIFORNIA



LEGEND:

--- ZONE 1

— ZONE 2

SCO
 PLANNING &
 ENGINEERING, INC.
 140 LITTON DRIVE, SUITE 240, GRASS VALLEY, CA 95945
 10800 DONNER PASS ROAD, SUITE 302, TRUCKEE, CA 96161

032789

**APPENDIX B
TRUCKEE-DONNER PUBLIC UTILITY DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 04-1 (GRAY'S CROSSING)**

ASSESSOR'S PARCEL NO.	OWNERSHIP
19-370-07 Portion being Parcel 2, Lot 11 (1) of Map #03-067 recorded July 6, 2004 as Insturment Nos. 2004-27862 and 2004-27863	GRAY'S STATION LLC
19-370-17	GRAY'S STATION LLC
19-370-18	GRAY'S STATION LLC
19-370-19	GRAY'S STATION LLC
19-370-20	GRAY'S STATION LLC
19-370-21	GRAY'S STATION LLC
19-370-22	GRAY'S STATION LLC
19-370-23	GRAY'S STATION LLC
19-370-24	GRAY'S STATION LLC
19-370-25	GRAY'S STATION LLC
19-370-26	GRAY'S STATION LLC
19-410-19	GRAY'S STATION LLC
19-410-21	GRAY'S STATION LLC
19-410-24	GRAY'S STATION LLC

END OF DOCUMENT