

RESOLUTION NO. _____

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF MERCED, ACTING AS THE LEGISLATIVE BODY OF THE CITY OF MERCED COMMUNITY FACILITIES DISTRICT NO. 2003-2 (SERVICES), DECLARING ITS INTENTION TO ANNEX AN AREA TO SAID DISTRICT AND AUTHORIZE THE LEVY OF A SPECIAL TAX WITHIN SAID ANNEXATION AND APPROVING A CERTAIN AGREEMENT RELATED THERETO

WHEREAS, the City Council (the “Council”) of the City of Merced (the “City”), acting as the legislative body of the City of Merced Community Facilities District No. 2003-2 (Services) (the “District”), has received a written petition (the “Petition”) signed by the owner of certain property (the “Developer”) requesting that the District institute proceedings for the annexation of its property into the District (the “Property”); and

WHEREAS, the Council has considered the advisability and necessity of instituting proceedings to annex the Property to the District under and pursuant to the terms and provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as now and hereafter amended (the “Act”), commonly known as the “Mello-Roos Community Facilities Act of 1982,” for the purpose of financing certain public services and maintenance, including but not limited to public safety services, landscape maintenance, street trees, street lights, park and parkway maintenance, street lighting maintenance and flood control services, and other services authorized pursuant to the Act and the City’s Municipal Code (the “Services”), which are necessary to meet increased demands placed on the City as a result of the development of the Property; and

WHEREAS, the Council intends to finance the Services that are in addition to those provided within the Property prior to its annexation to the District and do not supplant services already available within such property, subject to the levy of a special tax to pay for the Services, being approved at an election to be held within the boundaries of said annexation; and

WHEREAS, pursuant to Section 53339 of the Act, having received such petition, it is appropriate for the Council to institute proceedings for the annexation of the Property to the District by adoption of a resolution of intention pursuant to Section 53339.3 and of the Act;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF MERCED, COUNTY OF MERCED, STATE OF CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF THE CITY OF MERCED COMMUNITY FACILITIES DISTRICT NO. 2003-02 (SERVICES), AS FOLLOWS:

Section 1. Community Facilities District. The name of the existing District is “City of Merced Community Facilities District No. 2003-2 (Services).” The boundaries of the existing District is more particularly described on those certain maps referenced in Amendment No. 21 to the Amended and Restated Notice of Special Tax Lien recorded on June 14, 2023, as Document No. 2023-013485, in the Office of the Merced County Recorder, State of California, and as may

be referenced in proposed amendment for Annexation No. 25 if and when annexed, to be recorded following this meeting.

Section 2. Annexation No. 25. It is the intention of the Council and the Council hereby proposes to annex the Property to the District under and pursuant to the terms of the Act. The area to be annexed to the District shall be known and designated as “City of Merced Community Facilities District No. 2003-2 (Services) Annexation No. 25” (“Annexation No. 25”). The boundaries of the territory proposed for inclusion in Annexation No. 25, is more particularly described and shown on that certain map entitled “Boundary Map and Improvement Areas of City of Merced Community Facilities District No. 2003-2 (Services) Annexation No. 25, City of Merced, County of Merced, State of California,” which map indicates by a boundary line the extent of the territory included in Annexation No. 25 and shall govern for all details as to the extent of Annexation No. 25.

Said map is hereby approved and pursuant to Section 3110.5 of the Streets and Highways Code of the State of California, the City Clerk shall, after conforming with the other requirements of Section 3111 of said Code, endorse the certificate evidencing the date and adoption of this Resolution, and shall file the original of such maps in his office, and not later than fifteen (15) days prior to the date of the public hearing set forth in Section 9 hereof shall file a copy of such map so endorsed with the County Recorder of the County of Merced.

Section 3. Types of Services. The types of services proposed to be provided for Annexation No. 25 include:

- (a) Public safety services, including police and fire services;
- (b) Landscape maintenance;
- (c) Street trees and street lights;
- (d) Park and parkway maintenance;
- (e) Street lighting maintenance;
- (f) Storm drain and flood control services; and
- (g) Any other services hereafter enumerated and authorized pursuant to the Act or the City’s Municipal Code,

which are in addition to those provided within the Property prior to its annexation into the District, and do not supplant services already available within the territory proposed to be included in Annexation No. 25.

Section 4. Special Taxes. Except where funds are otherwise available, it is the intention of the Council to levy annually in accordance with procedures contained in the Act a special tax (the “Special Tax”) sufficient to finance a portion of the cost of providing the Services that are in addition to those provided within the Property prior to its annexation to the District and do not do not supplant services already available within the territory proposed to be included in

Annexation No. 25, including Services which may be provided by the City or any maintenance district formed by the City for the benefit of properties within Annexation No. 25, the costs of administering the levy and collection of the Special Tax and all other costs of the levy of the Special Tax, including any foreclosure proceedings, legal, fiscal, and financial consultant fees, election costs, and all other administrative costs of the tax levy. The Special Tax will be secured by the recordation of a continuing lien against all taxable and nonexempt real property in Annexation No. 25.

The amended rates and methods of apportionment (the “RMA”) and manner of collection of the Special Tax to be levied on parcels of taxable property within Annexation No. 25 shall be as described in detail and set forth in Exhibit “A” attached hereto and by this reference made a part hereof. The RMA provides sufficient detail to allow each owner of nonexempt real property within the proposed Annexation No. 25 to estimate the maximum amount that such person will have to pay of the Services. It is proposed that the property of Annexation No. 25 be included in Improvement Area No. 50 referenced in the RMA and be subject to the rates referenced therein.

The special tax levied within the existing District was levied for services attributable to each zone on an individual basis. Therefore, the inclusion of Annexation No. 25 into the District will not change the amount of the special tax to be levied on property within the existing District.

The Special Tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act and as described in the RMA and such Special Tax is not levied on or based upon the value or ownership of real property.

Upon recordation of a notice of special tax lien pursuant to Sections 3117.5 of the Streets and Highways Code of the State of California, a continuing lien to secure each levy of the special taxes shall attach to all nonexempt real property in the proposed Annexation No. 25, and that lien shall continue in force and effect until collection of the special taxes ceases.

Section 5. Exempt Properties. Pursuant to Section 53340 of the Act, and except as provided in Section 53317.3 of the Act, properties of entities of the state, federal, and local governments shall be exempt from the levy of the Special Tax.

Section 6. Necessity. The Council finds that the proposed public services described in Section 3 hereof are necessary to meet increased demands placed upon the City as a result of new development occurring within the boundaries of the proposed Annexation No. 25.

Section 7. Advances of Funds or Work. The City may accept advances of funds from any sources, including private persons or private entities, and is authorized and directed to use such funds for any authorized purpose, including any cost incurred by the City in annexing property to the District. The City may enter into an agreement to repay all of such funds as are not expended or committed for any authorized purpose at the time of the election on the levy of the Special Tax, if the proposal to levy such tax should fail, and at its option to repay any or all of such funds advanced if the levy of the Special Tax shall be approved by the qualified electors of Annexation No. 25.

Section 8. Prohibition of Owner Contracts. Pursuant to Section 53329.5 of the Act, the Council finds that the public interest will not be served by allowing the Developer to enter into

a contract in accordance with subdivision (a) of that section, and that such Developer shall not be permitted to elect to perform the work and enter into a written contract with the City for the provision of the Services pursuant to said Section 53329.5.

Section 9. Public Hearing. In the petition, the Developer waived the 30-day notice of the holding of a public hearing (the “Hearing”) on the annexation of Annexation No. 25 to the District. The annexation of the Property to the District, and the proposed rate and method of apportionment of the Special Tax related thereto, shall be held at 6:00 p.m. on March 4, 2024, or as soon thereafter as practicable, in the City Council Chambers located at 678 West 18th Street, Merced, California. At the above-mentioned time and place for the Hearing, any persons interested, including taxpayers, property owners, registered voters within the existing District or Annexation No. 25 may appear and be heard. Any protests may be made orally or in writing, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made. All written protests shall be filed with the City Clerk on or before the time fixed for such Hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such Hearing. If written protests against either Annexation No. 25 are filed by (a) fifty percent (50%) or more of the registered voters, or six (6) registered voters, whichever is greater, residing with the existing District, or (b) fifty percent (50%) or more of the registered voters, or six (6) registered voters, whichever is greater, residing within Property to be annexed to the District, or (c) the owners of one-half (½) or more of the area of land included within the existing District, or (d) the owners of one-half (½) or more of Property to be annexed to the District, the proceedings shall be abandoned for the applicable annexation. If said majority protest is limited to certain types of services or certain provisions of the special tax, those services or those provisions of the tax must be eliminated by the Council.

Section 10. Notice. The City Clerk is hereby directed to publish a notice (“Notice”) of the time and place of the Hearing as required by Section 53339.4 of the Act. Such Notice shall be published at least seven (7) days before the date of the Hearing, and shall contain the information required by said Section 53339.4.

Section 11. Report. The officers of the City who will be responsible for providing the proposed types of services to be provided within Annexation No. 25 if it is annexed to the District, shall study the proposed Annexation No. 25 and, at or before the time of the Hearing, file a report or reports with the Council, and which is to be made a part of the record of the Hearing, containing a brief description of the additional public services by type which will in their opinion be required to adequately meet the needs of the proposed Annexation No. 25, and its estimate of the fair and reasonable cost of providing those public services and the incidental expenses to be incurred in connection therewith, including all costs associated with the annexation of the Property to the District, determination of the amount of any special taxes, collection of any special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the City with respect to the District.

Section 12. Description of Voting Procedures for the Proposed Annexation No. 25.

The voting procedures to be followed in conducting the special elections for each applicable annexation on the proposition with respect to the levy of special taxes on the land within such annexation to fund the Services (each, an “Election”), shall be as follows:

(a) If at least 12 persons have been registered to vote within the territory of the proposed Annexation No. 25 for each of the ninety (90) days preceding the close of the Hearing, the vote in the Election shall be by the registered voters of Annexation No. 25 with each voter having one vote. In that event, the Elections shall be conducted by the City Clerk (the “Election Official”) and shall be held on a date selected by the Council in conformance with the provisions of Sections 53339.7 and 53326 of the Act and pursuant to the provisions of the Elections Code of the State of California governing elections of cities, insofar as they may be applicable, and pursuant to said Sections 53339.7 and 53326 the ballots for the Election shall be distributed to the qualified electors of Annexation No. 25 by mail with return postage prepaid, and the Election shall be conducted as a mail ballot election.

(b) If at the time of the close of the Hearing, and for at least the preceding ninety (90) days, less than 12 persons have been registered to vote within the territory of Annexation No. 25, and pursuant to Sections 53339.7 and 53326 of the Act, the vote is therefore to be by the landowners of Annexation No. 25 with each landowner of record at the close of the Hearing having one vote for each acre or portion of an acre of land that he or she owns within Annexation No. 25, each Election shall be conducted by the Election Official as follows:

(1) Each Election shall be held on the earliest date, following the Public Hearing and adoption of a resolution submitting the proposition of the levy of special taxes to fund the Services, upon which such Election can be held pursuant to said Section 53339.7 which may be selected by the Council, or such earlier date as the owners of land within Annexation No. 25, and the Election Official agree and concur is acceptable.

(2) Pursuant to said Sections 53339.7 and 53326, each Election may be held earlier than ninety (90) days following the close of the Hearing if the qualified electors of Annexation No. 25 waive the time limits for conducting the elections set forth in said Sections 53339.7 and 53326 by unanimous written consent and the Election Official concurs in such earlier election date as shall be consented to by the qualified electors.

(3) Pursuant to said Sections 53339.7 and 53326, ballots for each Election shall be distributed to the qualified electors by the Election Official by mail with return postage prepaid, or by personal service.

(4) Pursuant to applicable sections of the Elections Code of the State of California governing the conduct of mail ballot elections of cities, and the City, the Election Official shall, among other things, mail or deliver or cause to be mailed or delivered to each qualified elector an official ballot in a form specified by the Council in the resolutions calling each Election, and a return identification envelope with prepaid postage thereon addressed to the Election Official for returning voted official ballots.

(5) The official ballot to be mailed or delivered by the Election Official to each landowner-voter shall have printed or typed thereon the name of the landowner-voter and the number of votes to be voted by the landowner-voter and shall have appended to it a certification to be signed by the person voting the official ballot which shall certify that the person signing the certification is the person who voted the official ballot, that he or she has been authorized to vote such official ballot on behalf of the landowner-voter and if the landowner-voter is other than a natural person, that he or she is an officer of or other person affiliated with the landowner-voter entitled to vote such official ballot.

(6) The return identification envelope mailed or delivered by the Election Official to each landowner-voter shall have printed or typed thereon the following: (i) the name of the landowner, (ii) the address of the landowner, (iii) a declaration under penalty of perjury stating that the voter is the landowner or the authorized representative of the landowner entitled to vote the enclosed ballot and is the person whose name appears on the identification envelope, (iv) the printed name and signature of the voter, (v) the address of the voter, (vi) the date of signing and place of execution of said declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the Election Official.

(7) The instruction to voter form to be mailed or delivered by the Election Official to the landowner-voters shall inform them that the official ballots shall be returned to the Election Official properly voted as provided thereon and with the certification appended thereto properly completed and signed in the sealed return identification envelope with the certification thereon completed and signed and all other information to be inserted thereon properly inserted by the hour on the date of each Election which is specified by the Election Official for the receipt of ballots; provided that if all qualified voters have voted, each Election may be closed by the Election Official.

(8) Upon receipt of the return identification envelopes which are returned prior to the voting deadline on the date of each Election, the Election Official shall canvass the votes cast in each Election, and shall file a statement with the Council as to the results of such canvass and the election on each proposition set forth in the official ballot.

The procedures set forth in this section for conducting the Election, if held, may be modified as the Council may determine to be necessary or desirable.

Section 13. Deposit Agreement. The proposed form of Deposit and Reimbursement Agreement for Community Services District No. 2003-02 (Services), (the "Deposit Agreement"), by and among each Developer, the City of Merced and the District, in substantially the form presented at this meeting, is hereby approved. The City Manager, or his authorized designee, and the City Clerk are hereby authorized and directed, on the District's behalf, to execute, attest and deliver the Deposit Agreement, in substantially said form, with such additions thereto or changes therein as recommended or approved by the City Manager, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Deposit Agreements by the District.

Section 14. Official Actions. The City Manager or designee may take all actions necessary or convenient to carry out the purposes of this resolution.

Section 15. Effectiveness. This resolution shall become effective upon its adoption.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2024.

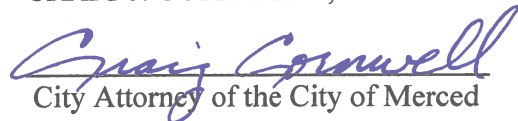
CITY OF MERCED, acting as the
legislative body of the CITY OF MERCED
COMMUNITY FACILITIES DISTRICT
NO. 2003-02 (SERVICES)

Matthew Serratto, Mayor

ATTEST:
D. SCOTT MCBRIDE, CITY CLERK

City Clerk of the City of Merced

APPROVED AS TO FORM:
CRAIG J. CORNWELL, CITY ATTORNEY


City Attorney of the City of Merced

STATE OF CALIFORNIA)
COUNTY OF MERCED) ss.
CITY OF MERCED)

I, _____, City Clerk of the City of Merced, do hereby certify that the foregoing Resolution was duly adopted by the City Council of said City, acting as the legislative body of the District, at a _____ meeting thereof held on the _____ day of _____, 2024, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
City Clerk of the City of Merced

EXHIBIT A

**AMENDED RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX**

EXHIBIT A

CITY OF MERCED COMMUNITY FACILITIES DISTRICT NO. 2003-2 (SERVICES)

AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX (as of [ROI Date])

A Special Tax applicable to each Assessor Parcel in the City of Merced Community Facilities District No. 2003-2 (Services) shall be levied and collected according to the tax liability determined by the City of Merced or its designee, through the application of this Amended Rate and Method of Apportionment of Special Tax. All of the property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless otherwise provided for the annexed property.

SECTION A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor Parcel as shown on an Assessor Parcel map, or if the land area is not shown on an Assessor 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 expenses of the CFD or the City in carrying out its duties for the CFD, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, costs related to annexing property into the CFD, and all other costs and expenses of the CFD or the City in any way related to the establishment or administration of the CFD.

“Administrator” means the person or firm designated by the CFD or the City to administer the Special Tax according to the Rate and Method.

“Annexation #1” means the date the owners of Assessor Parcels in Improvement Area #3 and Improvement Areas #9 through #15 elected to annex into the CFD.

“Annexation #2” means the date the owners of Assessor Parcels in Improvement Area #7 elected to annex into the CFD.

“Annexation #3” means the date the owners of Assessor Parcels in Improvement Areas #16 through #22 elected to annex into the CFD.

"Annexation #4" means the date the owners of Assessor Parcels in Improvement Areas #23 through #25 and Improvement Area #27 elected to annex into the CFD.

"Annexation #5" means the date the owners of Assessor Parcels in Improvement Area #26 elected to annex into the CFD.

"Annexation #6" means the date the owners of Assessor Parcels in Improvement Area #28 elected to annex into the CFD.

"Annexation #7" means the date the owners of Assessor Parcels in Improvement Areas #29 through #31 elected to annex into the CFD.

"Annexation #8" means the date the owners of Assessor Parcels in Improvement Area #32 elected to annex into the CFD.

"Annexation #9" means the date the owners of Assessor Parcels in Improvement Area #33 elected to annex into the CFD.

"Annexation #10" means the date the owners of Assessor Parcels in Improvement Area #34 elected to annex into the CFD.

"Annexation #11" means the date the owners of Assessor Parcels in Improvement Area #35 elected to annex into the CFD.

"Annexation #12" means the date the owners of Assessor Parcels in Improvement Area #36 elected to annex into the CFD.

"Annexation #13" means the date the owners of Assessor Parcels in Improvement Area #38 elected to annex into the CFD.

"Annexation #14" means the date the owners of Assessor Parcels in Improvement Area #40 elected to annex into the CFD.

"Annexation #15" means the date the owners of Assessor Parcels in Improvement Area #39 elected to annex into the CFD.

"Annexation #16" means the date the owners of Assessor Parcels in Phase 2 of Moraga of Merced within Improvement Area #22 elected to annex into the CFD.

"Annexation #17" means the date the owners of Assessor Parcels in Improvement Area #45 elected to annex into the CFD.

"Annexation #18" means the date the owners of Assessor Parcels in Improvement Area #42 elect to annex into the CFD.

"Annexation #19" means the date the owners of Assessor Parcels in Improvement Area #43 elected to annex into the CFD.

“Annexation #20” means the date the owners of Assessor Parcels in Improvement Area #46 elected to annex into the CFD.

“Annexation #21” means the date the owners of Assessor Parcels in Improvement Area #47 elected to annex into the CFD.

“Annexation #22” means the date the owners of Assessor Parcels in Improvement Area #48 elected to annex into the CFD.

“Annexation #23” means the date the owners of Assessor Parcels in Improvement Area #49 elected to annex into the CFD.

“Annexation #24” means the date the owners of Assessor Parcels in Improvement Area #41 elected to annex into the CFD.

“Annexation #25” means the date the owners of Assessor Parcels in Improvement Area #50 elected to annex into the CFD.

“Assessor Parcel” means a lot or parcel with an assigned County Assessor’s Parcel number shown on a County Assessor’s Parcel map.

“Average Increase” means the annual average increase in the Indices that shall be applied to escalate the Maximum Special Tax each Fiscal Year. The Average Increase shall be calculated in January of each year by (1) referencing the Bureau of Labor Statistics Data to identify the annual percentage increase in each Index as of the end of the prior year, and (2) taking the average of these two percentages. If either Index decreases from one year to the next, the percentage change from the prior year shall be assumed to be zero for purposes of calculating the Average Increase.

“CFD” means the City of Merced Community Facilities District No. 2003-2.

“CFD Formation” means the date the owners of Assessor Parcels in Improvement Areas #1 through #6 elected to form the CFD.

“City” means the City of Merced.

“City Council” means the council of the City of Merced, acting as the legislative body of the CFD.

“County” means the County of Merced.

“Developed Property” means all Taxable Property in the CFD for which a building permit for new construction was issued by the City prior to May 1 of the preceding Fiscal Year.

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

“Improvement Area” means one of the fifty (50) mutually exclusive geographic areas defined below and identified in Attachment 1 of this Rate and Method, and any subsequent Improvement Areas created to contain property annexed into the CFD after CFD Formation.

“Improvement Area #1” means the geographic area that, at CFD Formation and Annexation #2, was generally known as the Bellevue Ranch East (Phases 1 and 2) project and is specifically identified in Attachment 1 hereto as Improvement Area #1.

“Improvement Area #2” means the geographic area that, at CFD Formation, was generally known as the Compass Pointe project and is specifically identified in Attachment 1 hereto as Improvement Area #2.

“Improvement Area #3” means the geographic area that, at CFD Formation, Annexation #1, and Annexation #3, was generally known as the Sandcastle project and is specifically identified in Attachment 1 hereto as Improvement Area #3.

“Improvement Area #4” means the geographic area that, at CFD Formation and Annexation #2, was generally known as the Bright Development project and is specifically identified in Attachment 1 hereto as Improvement Area #4.

“Improvement Area #5” means the geographic area that, at CFD Formation and Annexation #2, was generally known as the Renaissance project and is specifically identified in Attachment 1 hereto as Improvement Area #5.

“Improvement Area #6” means the geographic area that, at CFD Formation, was generally known as the Big Valley project and is specifically identified in Attachment 1 hereto as Improvement Area #6.

“Improvement Area #7” means the geographic area that, at Annexation #2, was generally known as the Bellevue Ranch West project and is specifically identified in Attachment 1 hereto as Improvement Area #7.

“Improvement Area #8” is intentionally excluded.

“Improvement Area #9” means the geographic area that, at Annexation #1, was generally known as the University Park Residential project and is specifically identified in Attachment 1 hereto as Improvement Area #9.

“Improvement Area #10” means the geographic area that, at Annexation #1, was generally known as the Tuscany project and is specifically identified in Attachment 1 hereto as Improvement Area #10.

“Improvement Area #11” means the geographic area that, at Annexation #1, was generally known as the Provance project and is specifically identified in Attachment 1 hereto as Improvement Area #11.

“Improvement Area #12” means the geographic area that, at Annexation #1, was generally known as the Promenade project and is specifically identified in Attachment 1 hereto as Improvement Area #12.

"Improvement Area #13" means the geographic area that, at Annexation #1, was generally known as the Alfarata Ranch Unit 2 project and is specifically identified in Attachment 1 hereto as Improvement Area #13.

"Improvement Area #14" means the geographic area that, at Annexation #1 and Annexation #2, was generally known as the Franco project and is specifically identified in Attachment 1 hereto as Improvement Area #14.

"Improvement Area #15" means the geographic area that, at Annexation #1, was generally known as the Cottages project and is specifically identified in Attachment 1 hereto as Improvement Area #15.

"Improvement Area #16" means the geographic area that, at Annexation #3, was generally known as the Tuscany East project and is specifically identified in Attachment 1 hereto as Improvement Area #16.

"Improvement Area #17" means the geographic area that, at Annexation #3, was generally known as the Hartley Crossings project and is specifically identified in Attachment 1 hereto as Improvement Area #17.

"Improvement Area #18" means the geographic area that, at Annexation #3, was generally known as The Crossing at River Oaks project and is specifically identified in Attachment 1 hereto as Improvement Area #18.

"Improvement Area #19" means the geographic area that, at Annexation #3, was generally known as the Mohamed Apartments project and is specifically identified in Attachment 1 hereto as Improvement Area #19.

"Improvement Area #20" means the geographic area that, at Annexation #3, was generally known as the Sunnyview Apartments project and is specifically identified in Attachment 1 hereto as Improvement Area #20.

"Improvement Area #21" means the geographic area that, at Annexation #3, was generally known as the University Park II project and is specifically identified in Attachment 1 hereto as Improvement Area #21.

"Improvement Area #22" means the geographic area that, at Annexation #3, was generally known as the Moraga of Merced Lakemont Homes project and at Annexation #16, was generally known as Phase 2 of Moraga of Merced, and is specifically identified in Attachment 1 hereto as Improvement Area #22.

"Improvement Area #23" means the geographic area that, at Annexation #4, was generally known as the Mission Ranch project and is specifically identified in Attachment 1 hereto as Improvement Area #23.

"Improvement Area #24" means the geographic area that, at Annexation #4, was generally known as the Cypress Terrace (Phases 6 and 7) project and is specifically identified in Attachment 1 hereto as Improvement Area #24.

"Improvement Area #25" means the geographic area that, at Annexation #4, was generally known as the Cypress Terrace East project and is specifically identified in Attachment 1 hereto as Improvement Area #25.

"Improvement Area #26" means the geographic area that, at Annexation #5, was generally known as The Meadows project and is specifically identified in Attachment 1 hereto as Improvement Area #26.

"Improvement Area #27" means the geographic area that, at Annexation #4, was generally known as the Lantana Estates South project and is specifically identified in Attachment 1 hereto as Improvement Area #27.

"Improvement Area #28" means the geographic area that, at Annexation #6, was generally known as The Meadows #2 project and is specifically identified in Attachment 1 hereto as Improvement Area #28.

"Improvement Area #29" means the geographic area that, at Annexation #7, was generally known as the Paseo project and is specifically identified in Attachment 1 hereto as Improvement Area #29.

"Improvement Area #30" means the geographic area that, at Annexation #7, was generally known as the Highland Park project and is specifically identified in Attachment 1 hereto as Improvement Area #30.

"Improvement Area #31" means the geographic area that, at Annexation #7, was generally known as the Mercy Hospital project and is specifically identified in Attachment 1 hereto as Improvement Area #31.

"Improvement Area #32" means the geographic area that, at Annexation #8, was generally known as the Fahrens Park Plaza project and is specifically identified in Attachment 1 hereto as Improvement Area #32.

"Improvement Area #33" means the geographic area that, at Annexation #9, was generally known as the Mansionette Estates No. 5 project and is specifically identified in Attachment 1 hereto as Improvement Area #33.

"Improvement Area #34" means the geographic area that, at Annexation #10, was generally known as the Northview Professional Center project and is specifically identified in Attachment 1 hereto as Improvement Area #34.

"Improvement Area #35" means the geographic area that, at Annexation #11, was generally known as the Compass Pointe Apartments project and is specifically identified in Attachment 1 hereto as Improvement Area #35.

"Improvement Area #36" means the geographic area that, at Annexation #12, was generally known as the Merced Station project and is specifically identified in Attachment 1 hereto as Improvement Area #36.

"Improvement Area #37" is reserved for future use.

"Improvement Area #38" means the geographic area that, at Annexation #13, was generally known as the PG&E Merced Regional Service Center project and is specifically identified in Attachment 1 hereto as Improvement Area #38.

"Improvement Area #39" means the geographic area that, at Annexation #15, was generally known as the Merced Gateway Park project and is specifically identified in Attachment 1 hereto as Improvement Area #39.

"Improvement Area #40" means the geographic area that, at Annexation #14, was generally known as the Stone Ridge South project and is specifically identified in Attachment 1 hereto as Improvement Area #40.

"Improvement Area #41" means the geographic area that, at Annexation #24, was generally known as the Bellevue Ranch North Villages 23 and 24 project and is specifically identified in Attachment 1 hereto as Improvement Area #41.

"Improvement Area #42" means the geographic area that, at Annexation #18, was generally known as the Compass Pointe Apartments Phase 2 project and is specifically identified in Attachment 1 hereto as Improvement Area #42.

"Improvement Area #43" means the geographic area that, at Annexation #19, was generally known as the Highway 59 & Santa Fe Drive AM/PM project and is specifically identified in Attachment 1 hereto as Improvement Area #43.

"Improvement Area #44" means the geographic area that, at Annexation #14, was generally known as the Stone Ridge South Apartments project and is specifically identified in Attachment 1 hereto as a future annexation area of the CFD.

"Improvement Area #45" means the geographic area that, at Annexation #17, was generally known as the Yosemite Crossing project and is specifically identified in Attachment 1 hereto as Improvement Area #45.

"Improvement Area #46" means the geographic area that, at Annexation #20, was generally known as the Sage Creek project and is specifically identified in Attachment 1 hereto as Improvement Area #46.

"Improvement Area #47" means the geographic area that, at Annexation #21, was generally known as the Hub 2.0 Merced Student Housing project and is specifically identified in Attachment 1 hereto as Improvement Area #47.

"Improvement Area #48" means the geographic area that, at Annexation #22, was generally known as the Merzoian Estates project and is specifically identified in Attachment 1 hereto as Improvement Area #48.

“Improvement Area #49” means the geographic area that, at Annexation #23, was generally known as the Campus Parkway Plaza project and is specifically identified in Attachment 1 hereto as Improvement Area #49.

“Improvement Area #50” means the geographic area that, at Annexation #25, was generally known as The Palisades project and is specifically identified in Attachment 1 hereto as Improvement Area #50.

“Index or Indices” means the Consumer Price Index (CPI) for the San Francisco All Urban Wage Earners Category and the National CPI.

“Industrial Property” means any Developed Property for which a building permit was issued for construction of a building that will be used primarily for warehousing, distribution, manufacturing, processing, or related activities, as determined by the Administrator using reasonable and established City zoning and other land use standards.

“Lower Income Household Welfare Exemption Property” means, for each Fiscal Year, the portion of an Assessor Parcel within the boundaries of the CFD that has received a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the most recent County assessor’s roll finalized in such Fiscal Year.

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied in any Fiscal Year determined under this Rate and Method.

“Multi-Family Residential Property” means all Assessor Parcels of Developed Property for which a building permit was issued for construction of a residential structure with multiple Units, all of which are offered for rent to the general public and are not available for sale to individual owners.

“Office Property” means any Developed Property for which a building permit was issued for construction of a building that will be divided primarily into individual offices (including cubicles or other modular office space) for use by companies to conduct business, as determined by the Administrator using reasonable and established City zoning and other land use standards.

“Other Property” means any Developed Property that is not Single Family Residential Property, Multi-Family Residential Property, Retail Property, Office Property, or Industrial Property. Developed Property within Improvement Area #31 shall be categorized as Other Property.

“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 Parcels of Developed Property.

“Public Property” means any CFD Assessor Parcels owned by or irrevocably offered for dedication to the United States of America, the State of California, the County, the City, or other local governments or public agencies.

“Rate and Method” means this Amended Rate and Method of Apportionment of Special Tax.

“Retail Property” means any Developed Property for which a building permit was issued for construction of a building that will include primarily commercial establishments which sell general merchandise, hard goods, personal services, and other items directly to consumers, including but not limited to travel agencies, hardware stores, food stores, automotive dealers, service stations, home furnishing stores, restaurants, bars, banks, repair shops, movie theaters, day care centers, and art galleries, as determined by the Administrator using reasonable and established City zoning and other land use standards.

“Services” means the services authorized to be financed, in whole or in part, by the Special Taxes in the CFD.

“Single Family Residential Property” means any Developed Property for which a building permit was issued for construction of: (i) a Unit that does not share a common wall with another Unit; or (ii) two or more Units that share common walls and are initially offered for sale to individual owners, including condominiums as defined under California Civil Code 1351.

“Special Tax” means any tax levied in the CFD pursuant to the Rate and Method.

“Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay the cost of the Services; (ii) create a sinking fund for Services that could not otherwise be funded in a given Fiscal Year; (iii) cure any delinquencies in the payment of Special Taxes 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; and (iv) pay Administrative Expenses.

“Square Foot,” “Square Footage,” or “Square Feet” means the floor area square footage reflected on the original construction building permit issued for construction of a Unit or a building of Retail Property, Office Property, Industrial Property, or Other Property and any Square Footage subsequently added to a Unit or a building of such Taxable Property after issuance of a building permit for expansion or renovation of such Unit or building.

“Taxable Property” means any Assessor Parcel within the CFD which is not exempt from the Special Tax by applicable law or Section F below.

“Unit” means a structure constructed primarily for human habitation, which may be an individual detached residential unit, an individual attached residential unit within a duplex, triplex, fourplex, townhome, or condominium structure, or an individual apartment unit.

SECTION B. DATA FOR ANNUAL ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor Parcel numbers of all Taxable Property. The Administrator shall also determine: (i) within which Improvement Area each Assessor Parcel is located; (ii) whether each Assessor Parcel is Developed Property; (iii) for Developed Property, which Assessor Parcels are Single Family Residential Property, Multi-Family Residential Property, Retail Property, Office Property, Industrial Property, and Other Property; (iv) also for Developed Property, the Unit or building Square Footage; and (v) the Special Tax Requirement.

SECTION C. MAXIMUM SPECIAL TAX

The following tables identify the Maximum Special Taxes for Taxable Property within each Improvement Area of the CFD. The Maximum Special Taxes are all subject to annual escalation as specified in Section C.51 below.

1. *Special Tax Rates, Improvement Area #1 – Bellevue Ranch East (Phases 1 & 2)*

Table 1 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #1 of the CFD.

TABLE 1
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #1 – BELLEVUE RANCH EAST (PHASES 1 & 2)

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$548 per Unit
Multi-Family Residential Property	\$476 per Unit
Retail Property	\$64 per 1,000 Square Feet of Building
Office Property	\$59 per 1,000 Square Feet of Building
Industrial Property	\$40 per 1,000 Square Feet of Building
Other Property	\$64 per 1,000 Square Feet of Building

¹ *Subject to annual escalation as described in Section C.51 below.*

2. *Special Tax Rates, Improvement Area #2 – Compass Pointe*

Table 2 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #2 of the CFD.

TABLE 2
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #2 – COMPASS POINTE

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$644 per Unit
Multi-Family Residential Property	\$539 per Unit
Retail Property	\$110 per 1,000 Square Feet of Building
Office Property	\$103 per 1,000 Square Feet of Building
Industrial Property	\$68 per 1,000 Square Feet of Building
Other Property	\$110 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

3. *Special Tax Rates, Improvement Area #3 - Sandcastle*

Table 3 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #3 of the CFD.

TABLE 3
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #3 - SANDCASTLE

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$593 per Unit
Multi-Family Residential Property	\$512 per Unit
Retail Property	\$80 per 1,000 Square Feet of Building
Office Property	\$76 per 1,000 Square Feet of Building
Industrial Property	\$48 per 1,000 Square Feet of Building
Other Property	\$80 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

4. *Special Tax Rates, Improvement Area #4 – Bright Development*

Table 4 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #4 of the CFD.

TABLE 4
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #4 – BRIGHT DEVELOPMENT

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$609 per Unit
Multi-Family Residential Property	\$520 per Unit
Retail Property	\$89 per 1,000 Square Feet of Building
Office Property	\$84 per 1,000 Square Feet of Building
Industrial Property	\$54 per 1,000 Square Feet of Building
Other Property	\$89 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

5. *Special Tax Rates, Improvement Area #5 - Renaissance*

Table 5 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #5 of the CFD.

TABLE 5
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #5 - RENAISSANCE

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$489 per Unit
Multi-Family Residential Property	\$429 per Unit
Retail Property	\$43 per 1,000 Square Feet of Building
Office Property	\$37 per 1,000 Square Feet of Building
Industrial Property	\$29 per 1,000 Square Feet of Building
Other Property	\$43 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

6. *Special Tax Rates, Improvement Area #6 – Big Valley*

Table 6 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #6 of the CFD.

TABLE 6
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #6 – BIG VALLEY

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$524 per Unit
Multi-Family Residential Property	\$474 per Unit
Retail Property	\$40 per 1,000 Square Feet of Building
Office Property	\$40 per 1,000 Square Feet of Building
Industrial Property	\$22 per 1,000 Square Feet of Building
Other Property	\$40 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

7. *Special Tax Rates, Improvement Area #7 – Bellevue Ranch West*

Table 7 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #7 of the CFD.

TABLE 7
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #7 – BELLEVUE RANCH WEST

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$701 per Unit
Multi-Family Residential Property	\$600 per Unit
Retail Property	\$116 per 1,000 Square Feet of Building
Office Property	\$115 per 1,000 Square Feet of Building
Industrial Property	\$67 per 1,000 Square Feet of Building
Other Property	\$116 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

8. *Special Tax Rates, Improvement Area #8 – Intentionally Excluded*

9. *Special Tax Rates, Improvement Area #9 – University Park Residential*

Table 9 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #9 of the CFD.

TABLE 9
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #9 – UNIVERSITY PARK RESIDENTIAL

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$643 per Unit
Multi-Family Residential Property	\$544 per Unit
Retail Property	\$105 per 1,000 Square Feet of Building
Office Property	\$99 per 1,000 Square Feet of Building
Industrial Property	\$64 per 1,000 Square Feet of Building
Other Property	\$105 per 1,000 Square Feet of Building

¹ *Subject to annual escalation as described in Section C.51 below.*

10. Special Tax Rates, Improvement Area #10 – Tuscany

Table 10 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #10 of the CFD.

TABLE 10
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #10 – TUSCANY

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$480 per Unit
Multi-Family Residential Property	\$427 per Unit
Retail Property	\$35 per 1,000 Square Feet of Building
Office Property	\$31 per 1,000 Square Feet of Building
Industrial Property	\$23 per 1,000 Square Feet of Building
Other Property	\$35 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

11. Special Tax Rates, Improvement Area #11 - Provance

Table 11 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #11 of the CFD.

TABLE 11
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #11 - PROVANCE

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$638 per Unit
Multi-Family Residential Property	\$542 per Unit
Retail Property	\$101 per 1,000 Square Feet of Building
Office Property	\$96 per 1,000 Square Feet of Building
Industrial Property	\$61 per 1,000 Square Feet of Building
Other Property	\$101 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

12. Special Tax Rates, Improvement Area #12 – Promenade

Table 12 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #12 of the CFD.

TABLE 12
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #12 – PROMENADE

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$438 per Unit
Multi-Family Residential Property	\$401 per Unit
Retail Property	\$14 per 1,000 Square Feet of Building
Office Property	\$12 per 1,000 Square Feet of Building
Industrial Property	\$10 per 1,000 Square Feet of Building
Other Property	\$14 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

13. Special Tax Rates, Improvement Area #13 – Alfarata Ranch Unit 2

Table 13 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #13 of the CFD.

TABLE 13
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #13 – ALFARATA RANCH UNIT 2

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$593 per Unit
Multi-Family Residential Property	\$471 per Unit
Retail Property	\$116 per 1,000 Square Feet of Building
Office Property	\$100 per 1,000 Square Feet of Building
Industrial Property	\$80 per 1,000 Square Feet of Building
Other Property	\$116 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

14. Special Tax Rates, Improvement Area #14 – Franco

Table 14 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #14 of the CFD.

TABLE 14
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #14 – FRANCO

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$504 per Unit
Multi-Family Residential Property	\$430 per Unit
Retail Property	\$57 per 1,000 Square Feet of Building
Office Property	\$49 per 1,000 Square Feet of Building
Industrial Property	\$40 per 1,000 Square Feet of Building
Other Property	\$57 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

15. Special Tax Rates, Improvement Area #15 – Cottages

Table 15 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #15 of the CFD.

TABLE 15
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #15 – COTTAGES

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2003-04¹</i>
Single Family Residential Property	\$631 per Unit
Multi-Family Residential Property	\$548 per Unit
Retail Property	\$87 per 1,000 Square Feet of Building
Office Property	\$86 per 1,000 Square Feet of Building
Industrial Property	\$50 per 1,000 Square Feet of Building
Other Property	\$87 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

16. Special Tax Rates, Improvement Area #16 – Tuscany East

Table 16 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #16 of the CFD.

TABLE 16
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #16 – TUSCANY EAST

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$572 per Unit
Multi-Family Residential Property	\$486 per Unit
Retail Property	\$77 per 1,000 Square Feet of Building
Office Property	\$70 per 1,000 Square Feet of Building
Industrial Property	\$50 per 1,000 Square Feet of Building
Other Property	\$77 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

17. Special Tax Rates, Improvement Area #17 – Hartley Crossings

Table 17 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #17 of the CFD.

TABLE 17
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #17 – HARTLEY CROSSINGS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$528 per Unit
Multi-Family Residential Property	\$438 per Unit
Retail Property	\$73 per 1,000 Square Feet of Building
Office Property	\$61 per 1,000 Square Feet of Building
Industrial Property	\$52 per 1,000 Square Feet of Building
Other Property	\$73 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

18. Special Tax Rates, Improvement Area #18 – The Crossing at River Oaks

Table 18 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #18 of the CFD.

TABLE 18
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #18 – THE CROSSING AT RIVER OAKS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$639 per Unit
Multi-Family Residential Property	\$529 per Unit
Retail Property	\$110 per 1,000 Square Feet of Building
Office Property	\$100 per 1,000 Square Feet of Building
Industrial Property	\$71 per 1,000 Square Feet of Building
Other Property	\$110 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

19. Special Tax Rates, Improvement Area #19 – Mohamed Apartments

Table 19 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #19 of the CFD.

TABLE 19
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #19 – MOHAMED APARTMENTS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$433 per Unit
Multi-Family Residential Property	\$408 per Unit
Retail Property	Not Applicable
Office Property	Not Applicable
Industrial Property	Not Applicable
Other Property	Not Applicable

¹ Subject to annual escalation as described in Section C.51 below.

20. Special Tax Rates, Improvement Area #20 – Sunnyview Apartments

Table 20 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #20 of the CFD.

TABLE 20
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #20 – SUNNYVIEW APARTMENTS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$433 per Unit
Multi-Family Residential Property	\$408 per Unit
Retail Property	Not Applicable
Office Property	Not Applicable
Industrial Property	Not Applicable
Other Property	Not Applicable

¹ Subject to annual escalation as described in Section C.51 below.

21. Special Tax Rates, Improvement Area #21 – University Park II

Table 21 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #21 of the CFD.

TABLE 21
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #21 – UNIVERSITY PARK II

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$691 per Unit
Multi-Family Residential Property	\$548 per Unit
Retail Property	\$149 per 1,000 Square Feet of Building
Office Property	\$133 per 1,000 Square Feet of Building
Industrial Property	\$98 per 1,000 Square Feet of Building
Other Property	\$149 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

22. Special Tax Rates, Improvement Area #22 – Moraga of Merced

Table 22 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #22 of the CFD.

TABLE 22
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #22 – MORAGA OF MERCED

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$752 per Unit
Multi-Family Residential Property	\$623 per Unit
Retail Property	\$147 per 1,000 Square Feet of Building
Office Property	\$140 per 1,000 Square Feet of Building
Industrial Property	\$89 per 1,000 Square Feet of Building
Other Property	\$147 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

23. Special Tax Rates, Improvement Area #23 – Mission Ranch

Table 23 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #23 of the CFD.

TABLE 23
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #23 – MISSION RANCH

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$774 per Unit
Multi-Family Residential Property	\$595 per Unit
Retail Property	\$194 per 1,000 Square Feet of Building
Office Property	\$174 per 1,000 Square Feet of Building
Industrial Property	\$128 per 1,000 Square Feet of Building
Other Property	\$194 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

24. Special Tax Rates, Improvement Area #24 – Cypress Terrace (Phases 6 and 7)

Table 24 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #24 of the CFD.

TABLE 24
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #24 – CYPRESS TERRACE (PHASES 6 AND 7)

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$728 per Unit
Multi-Family Residential Property	\$606 per Unit
Retail Property	\$137 per 1,000 Square Feet of Building
Office Property	\$130 per 1,000 Square Feet of Building
Industrial Property	\$83 per 1,000 Square Feet of Building
Other Property	\$137 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

25. Special Tax Rates, Improvement Area #25 – Cypress Terrace East

Table 25 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #25 of the CFD.

TABLE 25
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #25 – CYPRESS TERRACE EAST

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$914 per Unit
Multi-Family Residential Property	\$737 per Unit
Retail Property	\$218 per 1,000 Square Feet of Building
Office Property	\$209 per 1,000 Square Feet of Building
Industrial Property	\$131 per 1,000 Square Feet of Building
Other Property	\$218 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

26. Special Tax Rates, Improvement Area #26 – The Meadows

Table 26 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #26 of the CFD.

TABLE 26
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #26 – THE MEADOWS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$947 per Unit
Multi-Family Residential Property	\$743 per Unit
Retail Property	\$225 per 1,000 Square Feet of Building
Office Property	\$215 per 1,000 Square Feet of Building
Industrial Property	\$135 per 1,000 Square Feet of Building
Other Property	\$225 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

27. Special Tax Rates, Improvement Area #27 – Lantana Estates South

Table 27 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #27 of the CFD.

TABLE 27
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #27 – LANTANA ESTATES SOUTH

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$834 per Unit
Multi-Family Residential Property	\$700 per Unit
Retail Property	\$166 per 1,000 Square Feet of Building
Office Property	\$164 per 1,000 Square Feet of Building
Industrial Property	\$95 per 1,000 Square Feet of Building
Other Property	\$166 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

28. Special Tax Rates, Improvement Area #28 – The Meadows #2

Table 28 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #28 of the CFD.

TABLE 28
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #28 – THE MEADOWS #2

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$947 per Unit
Multi-Family Residential Property	\$743 per Unit
Retail Property	\$225 per 1,000 Square Feet of Building
Office Property	\$215 per 1,000 Square Feet of Building
Industrial Property	\$135 per 1,000 Square Feet of Building
Other Property	\$225 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

29. Special Tax Rates, Improvement Area #29 – Paseo

Table 29 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #29 of the CFD.

TABLE 29
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #29 – PASEO

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,008 per Unit
Multi-Family Residential Property	\$762 per Unit
Retail Property	\$294 per 1,000 Square Feet of Building
Office Property	\$271 per 1,000 Square Feet of Building
Industrial Property	\$186 per 1,000 Square Feet of Building
Other Property	\$294 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

30. Special Tax Rates, Improvement Area #30 – Highland Park

Table 30 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #30 of the CFD.

TABLE 30
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #30 – HIGHLAND PARK

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$650 per Unit
Multi-Family Residential Property	\$557 per Unit
Retail Property	\$97 per 1,000 Square Feet of Building
Office Property	\$93 per 1,000 Square Feet of Building
Industrial Property	\$58 per 1,000 Square Feet of Building
Other Property	\$97 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

31. Special Tax Rates, Improvement Area #31 – Mercy Hospital

Table 31 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #31 of the CFD.

TABLE 31
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #31 – MERCY HOSPITAL

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$172 per Unit
Multi-Family Residential Property	\$139 per Unit
Retail Property	\$59 per 1,000 Square Feet of Building
Office Property	\$62 per 1,000 Square Feet of Building
Industrial Property	\$30 per 1,000 Square Feet of Building
Other Property	\$59 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

32. Special Tax Rates, Improvement Area #32 – Fahrens Park Plaza

Table 32 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #32 of the CFD.

TABLE 32
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #32 – FAHRENS PARK PLAZA

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$988 per Unit
Multi-Family Residential Property	\$889 per Unit
Retail Property	\$161 per 1,000 Square Feet of Building
Office Property	\$181 per 1,000 Square Feet of Building
Industrial Property	\$71 per 1,000 Square Feet of Building
Other Property	\$181 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

33. Special Tax Rates, Improvement Area #33 – Mansionette Estates No. 5

Table 33 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #33 of the CFD.

TABLE 33
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #33 – MANSIONETTE ESTATES NO. 5

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,130 per Unit
Multi-Family Residential Property	\$957 per Unit
Retail Property	\$252 per 1,000 Square Feet of Building
Office Property	\$260 per 1,000 Square Feet of Building
Industrial Property	\$133 per 1,000 Square Feet of Building
Other Property	\$260 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

34. Special Tax Rates, Improvement Area #34 – Northview Professional Center

Table 34 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #34 of the CFD.

TABLE 34
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #34 – NORTHVIEW PROFESSIONAL CENTER

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$850 per Unit
Multi-Family Residential Property	\$742 per Unit
Retail Property	\$146 per 1,000 Square Feet of Building
Office Property	\$152 per 1,000 Square Feet of Building
Industrial Property	\$75 per 1,000 Square Feet of Building
Other Property	\$152 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

35. Special Tax Rates, Improvement Area #35 – Compass Pointe Apartments

Table 35 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #35 of the CFD.

TABLE 35
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #35 – COMPASS POINTE APARTMENTS

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$543 per Unit
Multi-Family Residential Property	\$479 per Unit
Retail Property	\$53 per 1,000 Square Feet of Building
Office Property	\$50 per 1,000 Square Feet of Building
Industrial Property	\$33 per 1,000 Square Feet of Building
Other Property	\$53 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

36. Special Tax Rates, Improvement Area #36 – Merced Station

Table 36 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #36 of the CFD.

TABLE 36
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #36 – MERCED STATION

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$580 per Unit
Multi-Family Residential Property	\$483 per Unit
Retail Property	\$89 per 1,000 Square Feet of Building
Office Property	\$78 per 1,000 Square Feet of Building
Industrial Property	\$59 per 1,000 Square Feet of Building
Other Property	\$89 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

37. Special Tax Rates, Improvement Area #37 – Reserved for Future Use

38. Special Tax Rates, Improvement Area #38 – PG&E Merced Regional Service Center

Table 38 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #38 of the CFD.

TABLE 38
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #38 – PG&E MERCED REGIONAL SERVICE CENTER

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$4,028 per Unit
Multi-Family Residential Property	\$3,572 per Unit
Retail Property	\$1,007 per 1,000 Square Feet of Building
Office Property	\$1,150 per 1,000 Square Feet of Building
Industrial Property	\$431 per 1,000 Square Feet of Building
Other Property	\$1,150 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

39. Special Tax Rates, Improvement Area #39 – Merced Gateway Park

Table 39 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #39 of the CFD.

TABLE 39
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #39 – MERCED GATEWAY PARK

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$813 per Unit
Multi-Family Residential Property	\$707 per Unit
Retail Property	\$138 per 1,000 Square Feet of Building
Office Property	\$142 per 1,000 Square Feet of Building
Industrial Property	\$73 per 1,000 Square Feet of Building
Other Property	\$142 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

40. Special Tax Rates, Improvement Area #40 – Stone Ridge South

Table 40 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #40 of the CFD.

TABLE 40
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #40 – STONE RIDGE SOUTH

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$824 per Unit
Multi-Family Residential Property	\$603 per Unit
Retail Property	\$241 per 1,000 Square Feet of Building
Office Property	\$211 per 1,000 Square Feet of Building
Industrial Property	\$162 per 1,000 Square Feet of Building
Other Property	\$241 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

41. Special Tax Rates, Improvement Area #41 – Bellevue Ranch North Villages 23 and 24

Table 41 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #41 of the CFD.

TABLE 41
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #41 – BELLEVUE RANCH NORTH VILLAGES 23 AND 24

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,188 per Unit
Multi-Family Residential Property	\$841 per Unit
Retail Property	\$415 per 1,000 Square Feet of Building
Office Property	\$375 per 1,000 Square Feet of Building
Industrial Property	\$270 per 1,000 Square Feet of Building
Other Property	\$415 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

42. Special Tax Rates, Improvement Area #42 – Compass Pointe Apartments Phase 2

Table 42 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #42 of the CFD.

TABLE 42
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #42 – COMPASS POINTE APARTMENTS PHASE 2

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$770 per Unit
Multi-Family Residential Property	\$684 per Unit
Retail Property	\$112 per 1,000 Square Feet of Building
Office Property	\$120 per 1,000 Square Feet of Building
Industrial Property	\$56 per 1,000 Square Feet of Building
Other Property	\$120 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

43. Special Tax Rates, Improvement Area #43 – Highway 59 & Santa Fe Drive AM/PM

Table 43 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #43 of the CFD.

TABLE 43
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #43 – HIGHWAY 59 & SANTA FE DRIVE AM/PM

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$3,653 per Unit
Multi-Family Residential Property	\$2,837 per Unit
Retail Property	\$1,259 per 1,000 Square Feet of Building
Office Property	\$1,265 per 1,000 Square Feet of Building
Industrial Property	\$700 per 1,000 Square Feet of Building
Other Property	\$1,265 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

44. Special Tax Rates, Improvement Area #44 – Stone Ridge South Apartments (Future Annexation Area)

The Maximum Special Taxes for Taxable Property within Improvement Area #44 will be identified at the time such property is annexed into the CFD and will be included in the unanimous approval form signed by the annexing property owner.

45. Special Tax Rates, Improvement Area #45 – Yosemite Crossing

Table 45 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #45 of the CFD.

**TABLE 45
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #45 – YOSEMITE CROSSING**

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$810 per Unit
Multi-Family Residential Property	\$676 per Unit
Retail Property	\$161 per 1,000 Square Feet of Building
Office Property	\$157 per 1,000 Square Feet of Building
Industrial Property	\$94 per 1,000 Square Feet of Building
Other Property	\$161 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

46. Special Tax Rates, Improvement Area #46 – Sage Creek

Table 46 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #46 of the CFD.

TABLE 46
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #46 – SAGE CREEK

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$689 per Unit
Multi-Family Residential Property	\$613 per Unit
Retail Property	\$90 per 1,000 Square Feet of Building
Office Property	\$94 per 1,000 Square Feet of Building
Industrial Property	\$47 per 1,000 Square Feet of Building
Other Property	\$94 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

47. Special Tax Rates, Improvement Area #47 – The Hub 2.0 Merced Student Housing

Table 47 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #47 of the CFD.

TABLE 47
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #47 – THE HUB 2.0 MERCED STUDENT HOUSING

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$505 per Unit
Multi-Family Residential Property	\$443 per Unit
Retail Property	\$45 per 1,000 Square Feet of Building
Office Property	\$39 per 1,000 Square Feet of Building
Industrial Property	\$31 per 1,000 Square Feet of Building
Other Property	\$45 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

48. Special Tax Rates, Improvement Area #48 – Merzoian Estates

Table 48 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #48 of the CFD.

TABLE 48
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #48 – MERZOIAN ESTATES

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,183 per Unit
Multi-Family Residential Property	\$858 per Unit
Retail Property	\$397 per 1,000 Square Feet of Building
Office Property	\$362 per 1,000 Square Feet of Building
Industrial Property	\$254 per 1,000 Square Feet of Building
Other Property	\$397 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

49. Special Tax Rates, Improvement Area #49 – Campus Parkway Plaza

Table 49 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #49 of the CFD.

TABLE 49
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #49 – CAMPUS PARKWAY PLAZA

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,018 per Unit
Multi-Family Residential Property	\$892 per Unit
Retail Property	\$191 per 1,000 Square Feet of Building
Office Property	\$205 per 1,000 Square Feet of Building
Industrial Property	\$94 per 1,000 Square Feet of Building
Other Property	\$205 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

50. Special Tax Rates, Improvement Area #50 – The Palisades

Table 50 below identifies the Maximum Special Taxes for Taxable Property within Improvement Area #50 of the CFD.

TABLE 50
MAXIMUM SPECIAL TAXES
IMPROVEMENT AREA #50 – THE PALISADES

<i>Type of Property</i>	<i>Maximum Special Tax Fiscal Year 2005-06¹</i>
Single Family Residential Property	\$1,329 per Unit
Multi-Family Residential Property	\$1,006 per Unit
Retail Property	\$420 per 1,000 Square Feet of Building
Office Property	\$398 per 1,000 Square Feet of Building
Industrial Property	\$256 per 1,000 Square Feet of Building
Other Property	\$420 per 1,000 Square Feet of Building

¹ Subject to annual escalation as described in Section C.51 below.

51. Special Tax Increases

In January 2004, and each January thereafter, all figures shown in Tables 1 through 15 above shall be adjusted by applying the Average Increase, if any, in the Indices. Each annual adjustment of the Maximum Special Tax shall become effective on the subsequent July 1.

In January 2006, and each January thereafter, all figures shown in Tables 16 through 50 above shall be adjusted by applying the Average Increase, if any, in the Indices. Each annual adjustment of the Maximum Special Tax shall become effective on the subsequent July 1.

SECTION D. METHOD OF LEVY

Each Fiscal Year, the Special Tax shall be levied on all Assessor Parcels of Developed Property, separately for each Improvement Area, according to the steps outlined below.

- Step 1:* Determine for an Improvement Area the Special Tax Requirement, as defined in Section A above, for the Fiscal Year in which the Special Tax will be collected;
- Step 2:* Calculate the total Special Tax revenues that could be collected from Developed Property in the Improvement Area based on application of the Maximum Special Tax rates determined pursuant to Section C above;
- Step 3:* If the amount determined in Step 1 is greater than or equal to the amount calculated in Step 2, levy the Maximum Special Tax on all Assessor Parcels of Developed Property in the Improvement Area;
- Step 4:* If the amount determined in Step 1 is less than the amount calculated in Step 2, levy the Special Tax Proportionately on each Assessor Parcel of Developed Property in the Improvement Area so the amount of the Special Tax levy equals the Special Tax Requirement for that Fiscal Year.

SECTION E. COLLECTION

Except as may be provided by the CFD or the City, and for delinquencies, the Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes. The Special Tax obligation applicable to an Assessor Parcel in the CFD may not be prepaid and the obligation of the Assessor Parcel to pay the Special Tax may not be permanently satisfied.

For the portion of Improvement Area #22 that was annexed into the CFD pursuant to Annexation #16, the Special Tax levy shall commence in Fiscal Year 2020-21 and for such Fiscal Year shall be based on the building permits issued by the City as of May 1, 2020.

SECTION F. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method, no Special Tax shall be levied on Public Property, except as otherwise provided in the Act.

No Special Tax shall be levied on the portion of an Assessor Parcel that constitutes Lower Income Household Welfare Exemption Property; provided, however, that if, in any Fiscal Year, applicable law does not require that Lower Income Household Welfare Exemption Property be exempt from some portion, or all, of the Special Tax, such portion, or all, of the Special Tax shall be levied on such property in accordance with this Rate and Method based on the type of property to which the Assessor Parcel is assigned.

SECTION G. INTERPRETATION

The Administrator may interpret this Rate and Method as necessary to clarify any inconsistency, vagueness, or ambiguity.

SECTION H. APPEALS

Appeals of any claim of incorrect computation of Special Tax or application of this Rate and Method may be made by the owner of an Assessor Parcel or such owner's duly-authorized representative by filing a written notice of appeal with the Administrator not later than thirty (30) days after having paid the disputed Special Tax. The Administrator shall promptly review the appeal and, if necessary, meet with the property owner (or representative), consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the property owner disagrees with the Administrator's decision, the owner may then file a written appeal with the Council, whose decision shall be final. If the decision of the Administrator or the Council requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Tax levies, but an adjustment shall be made to the next Special Tax levy(ies) as appropriate. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

ATTACHMENT 1

**BOUNDARY MAP
AND IMPROVEMENT AREAS OF
CITY OF MERCED
COMMUNITY FACILITIES DISTRICT NO. 2003-2
(SERVICES)**

**COMMUNITY FACILITIES DISTRICT 2003-2 (SERVICES)
ANNEXATION #25
IMPROVEMENT AREA #50 - THE PALISADES SUBDIVISION**

