
INDENTURE

By and Between

THE COUNTY OF EL DORADO

And

BNY WESTERN TRUST COMPANY,
as Fiscal Agent

Pertaining to
Community Facilities District No. 1992-1
(El Dorado Hills Development)

\$43,650,000
Series 1999 Special Tax Bonds

Dated as of August 1, 1999

declare a surplus in the Acquisition Account, it shall do so by resolution directing the Fiscal Agent to transfer the surplus to the Special Tax Fund. This resolution may direct that the Acquisition Account be closed. The Fiscal Agent shall take the directed action upon receipt of a certified copy of the resolution.

Section 3.4. SPECIAL TAX FUND. The Community Facilities District Special Tax Fund shall be held and maintained by the Fiscal Agent and shall retain its own earnings. Except as provided in Section 3.9 below for proceeds of prepayments of the special tax obligation, all special tax revenues of CFD 1992-1, beginning with the 1999-2000 fiscal year, shall be transmitted by the County, in the normal manner and at the normal times for taxes collected by the County for other agencies and not subject to the Teeter Plan, to the Fiscal Agent for deposit into the Special Tax Fund. The Fiscal Agent shall disburse moneys in the Special Tax Fund, as received and as needed, as follows:

- First: To the Redemption Account to the extent necessary to fully fund all scheduled payments of interest and principal (including mandatory term bond redemptions) coming due on the Bonds through the next succeeding September 1;
- Second: To the Reserve Account to the extent necessary to replenish the Reserve Account to the Reserve Requirement -- in this connection, investments in the Reserve Account shall be valued annually at market as of the last business day of each March;
- Third: Funds not needed for these first two purposes shall be disbursed, on September 15 each year, to the County for deposit in the CFD Fund.

Section 3.5. REDEMPTION ACCOUNT. The Community Facilities District Redemption Account (“Redemption Account”) shall be maintained by the Fiscal Agent, shall receive funds as set forth in Sections 3.4 and 4.2, and shall be held in trust for the benefit of the Bondholders. Earnings on investments in the Redemption Account shall be deposited into the Special Tax Fund. Payment of the Bonds at maturity, or at redemption prior to maturity (including bond premium, if any, and other than redemptions made from the Optional Redemption Fund), and all interest on the Bonds shall be made from the Redemption Account. The Redemption Account shall be depleted once each year, except for a reasonable carry-over of not exceeding the greater of one-twelfth (1/12) of annual debt service on the Bonds or one year’s interest earnings on the Redemption Account. Any identifiable monies in the Redemption Account shall be expended for debt service payments on the Bonds within 13 months of deposit.

Section 3.6. RESERVE ACCOUNT. The Community Facilities District Reserve Account (“Reserve Account”) shall be held and maintained by the Fiscal Agent. The amount on deposit in the Reserve Account shall be maintained at an amount equal to the lesser of ten (10%) of the original principal amount of the Bonds, one-hundred percent (100%) of maximum annual debt service on the Bonds, or one-hundred and twenty-five percent (125%) of average annual debt service on the Bonds as determined and specified by the County (the “Reserve Requirement”). The Reserve Requirement shall be funded from the proceeds of the sale of Bonds, or the County may at any time, direct the Fiscal Agent in a Board resolution, to release funds from the Reserve Account to the Acquisition Account or to the County for deposit in the CFD Fund upon tendering to the Fiscal Agent one or more Qualified Reserve Account Credit Instruments, having a stated amount at least equal to the amount by which the release of funds will deplete the money in the Reserve Account below the Reserve Requirement at the time

of the release. Such a release may involve all of the money in the Reserve Account. "Qualified Reserve Account Credit Instrument" ("QRACI") is defined as an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Fiscal Agent pursuant to this Indenture, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is "A" by Moody's Investors Service and by Standard & Poor's Corporation in the case of a letter of credit, and "Aaa" and "AAA" or the highest rating category by A. M. Best & Company in the case of a surety bond (copies of the ratings must be provided to the Fiscal Agent by the County); (b) such a letter of credit has a term of at least twelve (12) months and such surety bond has a term through the maturity of the Bonds; (c) the Fiscal Agent is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Redemption Account for the purpose of making required debt service payments on the Bonds; and (d) in the case of a letter of credit, the Fiscal Agent shall have the right (and, hereunder, the obligation), at least 15 days prior to the expiration thereof, and failing renewal thereof or replacement thereof by action of the County, to draw upon the letter of credit in full and deposit the proceeds of such draw in the Reserve Account. The Reserve Account shall be administered as follows:

A. During the term of the Bonds, the amount in the Reserve Account shall be available for transfer into the Redemption Account if necessary in order to make payments of principal and interest due on the Bonds. The amount so advanced shall be reimbursed to the Reserve Account either from the proceeds of redemption or sale of the parcel for which payment of delinquent special taxes was made from the Reserve Account, or from special tax proceeds. The Fiscal Agent shall maintain adequate records of the amounts available under any QRACI

and the amounts paid by and owing to any such QRACI provider under the terms of any applicable agreement. The Fiscal Agent shall ascertain the necessity of a demand on the QRACI under the procedures set forth in paragraph "B," below, and in that event the Fiscal Agent shall deliver a demand for payment at least three days prior to the date on which funds are required. If reimbursement of the proceeds of redemption or sale, or the deposit of special taxes levied to reimburse the Reserve Account, will at any time cause the Reserve Account (based upon its most recent market valuation under Section 3.3, above) to exceed the Reserve Requirement, those monies will, to the extent of the excess, be deposited instead in the Special Tax Fund.

Upon the valuation of the Reserve Account on the last business day of each March, amounts in the Reserve Account, if any, that exceed the Reserve Requirement, shall be deposited into the Special Tax Fund. Cash amounts in the Reserve Account, if any, will be invested without yield restriction, in investments which may not have maturities extending beyond five (5) years.

In the event that, in order to effectuate a transfer of monies from the Reserve Account to the Special Tax Fund pursuant to the provisions of this subsection (A) of this Section 3.6, the Fiscal Agent will need to liquidate or sell any investments, the Fiscal Agent shall be authorized to proceed with such liquidation or sale without instructions from the County to do so, and the Fiscal Agent shall not be liable for any losses or other adverse consequences of such liquidation or sale.

B. In the event that the Reserve Account shall at any time be maintained in the form of a combination of money and one or more QRACI's, the Fiscal Agent shall first apply the money to make any payment required to be made from the money in the Reserve Account before the Fiscal Agent shall make a draw upon the QRACI's for such purpose, which shall be drawn in proportions as the County shall direct in writing. In the event that the Fiscal Agent shall at any time draw funds under the QRACI's to make any payments required, all moneys subsequently deposited in the Reserve Account from any source (including the proceeds of redemption or sale of the parcel for which payment of delinquent special taxes was made from the Reserve Account, as well as funds deposited in the Reserve Account pursuant to Section 3.3), shall first be used to reinstate the QRACI's on a pro-rata basis together with the related reasonable expenses of the providers of the QRACI's and interest all as shall be specified in their respective debt service reserve fund policy agreements. Under no circumstances shall the County be required to make any payments or reimbursements to the provider of any QRACI except from available funds of CFD 1992-1.

If the County shall fail to pay any amounts due to the provider of a QRACI, the provider shall be entitled to exercise any and all remedies available at law or under this Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect bondholders.

The Indenture shall not be discharged until all expenses and reimbursements owing to the providers of any QRACI have been paid in full.

C. When the amount of money in the Reserve Account (as distinguished from that available for Reserve Account purposes under a QRACI) equals or exceeds the amount required to retire the remaining unmatured Bonds (whether by advance retirement or otherwise),

the Board may direct in writing that the amount in the Reserve Account be transferred to the Redemption Account for redemption of the Bonds, in which case the special tax shall no longer be levied for payment of principal and interest on the Bonds.

Section 3.7. ARBITRAGE REBATE ACCOUNT. The Community Facilities District Arbitrage Rebate Account (“Arbitrage Rebate Account”) shall be held and maintained by the Fiscal Agent. On July 1 of each year (or at such other times as may be required or permitted by regulations of the United States Internal Revenue Service), the Auditor/Controller of the County shall determine or cause to be determined whether any portion of investment earnings from any account established by this Indenture must be rebated to the United States pursuant to Section 148 of the United States Internal Revenue Code and regulations adopted thereunder. Any amounts required to be rebated will be transferred from any available source, at the written direction of the Auditor/Controller, to the Arbitrage Rebate Account.

The Auditor/Controller of the County is authorized to retain independent attorneys, accountants and other consultants to assist in complying with Federal requirements, and the fees of such consultants may be paid from the Expense Account.

Amounts in the Arbitrage Rebate Account shall be invested without yield restriction and shall be held in trust for rebate to the United States at the written direction of the County Auditor-Controller. Earnings on the Arbitrage Rebate Account are to remain in that account and shall similarly be held in trust for rebate to the United States.

Section 3.8. CFD FUND. The CFD Fund shall be held and maintained by the County. All moneys received by the County on account of the special tax obligations of property owners within CFD 1992-1, including without limitation (a) scheduled collections on the property tax roll or by direct billing to property owners in lieu of property tax roll collection, (b)

reinstatement of delinquent special taxes, including the late charges and monthly penalties, (c) collections accomplished by foreclosure sale and (d) collections received in the form of prepayments by property owners of the special tax obligation, and all transfers from the Fiscal Agent from funds in the Special Tax Fund, pursuant to Section 3.3, shall be deposited in the CFD Fund. The County shall disburse moneys in the CFD Fund, as received and as needed, as follows:

- First: Excluding the funds transferred to the County by the Fiscal Agent from the Special Tax Fund, and further excluding moneys received on account of prepayments by property owners of the special tax obligation, to the Fiscal Agent for deposit in the Special Tax Fund to be administered in accordance with Section 3.4;
- Second: From the funds transferred to the County by the Fiscal Agent from the Special Tax Fund, to the Expense Account to the extent necessary to replenish the Expense Account to the amount budgeted, under Section 3.8.1, for annual expenses for the new fiscal year;
- Third: From any remaining funds transferred to the County by the Fiscal Agent from the Special Tax Fund and not required for the Expense Account, to the Facilities Account; and
- Fourth: From the moneys received on account of prepayments by property owners of the special tax obligation, that portion of such moneys as are determined by the Auditor/Controller to be allocable to the redemption of Bonds, to the Fiscal Agent for deposit in the Prepayment Account within the Optional Redemption Fund; and

Fifth: From the remainder of the moneys received on account of prepayments by property owners of the special tax obligation, to the Facilities Account.

Section 3.8.1. EXPENSE ACCOUNT. The Community Facilities District Expense Account (“Expense Account”) shall be an account within the CFD Fund, and shall be held and maintained by the County and shall receive funds as set forth in Section 3.8. This account may be used to pay the annual expenses of CFD 1992-1 including, but not limited to, the charges of the Fiscal Agent, the cost of preparation of the annual special tax roll, the cost and expense of collection and foreclosure proceedings to enforce payment of the special tax obligation by delinquent property owners, the cost of the arbitrage calculations as shall be required by federal law, arbitrage rebate itself, the cost of compliance with the County’s continuing disclosure obligations, and the payment of County expenses, including personnel costs, in administering CFD 1992-1. Disbursements from the Expense Account shall be made by the County. In June of each year, the County shall prepare a budget setting forth the estimated expenses for the next fiscal year (the next July 1 through the following June 30). The Board shall adopt the budget. Any budget adopted in accordance with this section may be amended by the Board at any time. If in any year expenses exceed the amount deposited in the Expense Account pursuant to this Section 3.8.1, the Board may transfer funds to the Expense Account from the Facilities Account pursuant to Section 3.8.2.

Section 3.8.2. FACILITIES ACCOUNT. The Community Facilities District Facilities Account (“Facilities Account”) shall be an account within the CFD Fund, and shall be held and maintained by the County and shall receive funds as set forth in Section 3.8. The funds in the Facilities Account may be used to pay for, or help pay for, those facilities listed

in Exhibit A to the Resolution of Formation, including making lease payments thereon. All of the foregoing notwithstanding, the Auditor/Controller may authorize transfers from the Facilities Account to the Expense Account if necessary, or to pay interest on or the principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor. After March 1, 2009, the Board may order transfers from the Facilities Account to the Optional Redemption Fund pursuant to Section 3.9.

Section 3.9. OPTIONAL REDEMPTION FUND. The Community Facilities District Optional Redemption Fund (“Optional Redemption Fund”) shall be held and maintained by the Fiscal Agent. The County may transfer to the Fiscal Agent for deposit in the Optional Redemption Fund any revenues that become available to it from any lawful source other than from other funds and accounts provided for hereunder, and (unless an approving legal opinion is received from nationally-recognized bond counsel) other than any proceeds of other federally tax-exempt obligations. Notwithstanding the foregoing, after March 1, 2009, the Board may direct the transfer of amounts from the CFD Fund to the Fiscal Agent for deposit in the Optional Redemption Fund. The Fiscal Agent shall establish a Special Tax Prepayment Subaccount within the Optional Redemption Fund (the “Prepayment Subaccount”). Allocable portions of the amounts received by the County as prepayments of the special tax obligation (including any monies received pursuant to Section 53317.5 of the Act [eminent domain], or any similar provision that may be enacted) and transferred to the Fiscal Agent shall be deposited by the Fiscal Agent into the Prepayment Subaccount, and shall be used by the Fiscal Agent without further action by the County to redeem Bonds under Section 4.3 hereof at the earliest opportunity. Other amounts in the Optional Redemption Account shall be used on or after

(d) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the County and the Fiscal Agent shall cooperate with Cede & Co., as sole Bondholder, or its registered assigns, in effecting payment of the interest on and principal of and redemption premiums, if any, on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE V

COVENANTS OF THE COUNTY

Section 5.0. COVENANTS. So long as any of the Bonds are outstanding and unpaid, the County covenants to faithfully perform and abide by all of the covenants and provisions of this Indenture, including the following covenants for the benefit of the owners of the Bonds:

Section 5.1. ARBITRAGE. During the term of the Bonds, the County will make no use of Bond proceeds which, if such use had been reasonably expected at the date the Bonds were issued, could have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the United States Internal Revenue Code of 1986, and regulations of the Internal Revenue Service adopted thereunder.

Section 5.2. MAINTENANCE OF TAX EXEMPTION. The County will take all reasonable actions required to maintain the status of the Bonds as bonds on which the interest is not includable in the gross income of the bondholder for federal income tax purposes and as bonds on which the interest is exempt from State of California personal income taxes. In acting under this covenant, the County may rely conclusively on the opinion of nationally recognized bond counsel.

EXHIBIT C-2

Community Facilities District No. 1992-1
(El Dorado Hills)
El Dorado County, California

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the El Dorado Hills Specific Plan Community Facilities District No. 1992-1 (the "CFD") of El Dorado County (the "County") shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. Definitions

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

"Administrative Expenses" means the costs incurred by the County to determine, levy and collect the Special Taxes, including salaries of County employees, reasonable administration charges, and the fees of consultants and corporate bond paying and/or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports, and any other costs required to administer the CFD as determined by the County of El Dorado.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 for such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the District issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year, less any credit from earnings on the bond reserve fund, less credit for applicable development fees, less any reimbursements, and/or less any funds available from prepaid Special Taxes as prescribed in Section 7; and (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD.

If the County has determined that all bonds to fund authorized facilities have not yet been issued, Annual Costs will be set at an amount no less than the Special Tax Revenue obtained by levying 91% of the Maximum Annual Special Tax from each Final Use Parcel. If this amount of Special Tax Revenue exceeds the amounts from items (i) to (v) above, such revenues will be applied to future pay-as-you-go expenditures.

Prior to the issuance of any bonds, Annual Costs may not exceed the amount of Special Tax Revenue obtained by levying 91% of the Maximum Annual Special Tax from each Final Use Parcel only.

"Annual Special Tax Revenues" means the amount of Special Taxes required each Fiscal Year to pay the Annual Costs.

"Anticipated Construction Proceeds" means \$40,250,000 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index.

"Base Year" means the Fiscal Year beginning on July 1, 1994 and ending on June 30, 1995.

"Board" means the Board of Supervisors of El Dorado County acting for the CFD under the Act.

"Benefit Share" means the Maximum Special Tax for a Parcel divided by the Maximum CFD Revenue.

"Bond Authorization" means the maximum amount of bonds that the CFD is authorized to issue according to the CFD's Resolution deeming it necessary to incur bonded indebtedness. (This amount is \$60,000,000, subject to adjustments in accordance with the prepayment provisions in Section 7.)

"Bond Share" means the share of bonds assigned to a Parcel as specified in Section 7, Part A, Step 3 of this Rate and Method of Apportionment.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the El Dorado Hills Specific Plan Community Facilities District No. 1992-1 (El Dorado Hills) of the County of El Dorado.

"County" means the County of El Dorado, California.

"County Assessor's Parcel" means the Parcel and Parcel number as recorded by the County Assessor on the equalized tax roll.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest for any bonds, notes or certificates of participation of the CFD during that Fiscal Year, less any applicable credits that may be available from any other sources available to

the County to pay principal and interest for the previous or current Fiscal Year or Bond Year.

"EDHSP" means the El Dorado Hills Specific Plan.

"Final Subdivision Map" means a recorded map designating individual single-family residential Parcels or condominium units.

"Final Use Parcel" means a Parcel receiving one of the following development approvals from the County where right-of-way for streets and other public facilities are dedicated:

Land Use

Development Approval

Residential:

- Single-Family Residential
- Multi-Family Residential
- Condominium
- Other Authorized Uses As Permitted by Residential Zoning

- Final Subdivision Map
- Final Map with PD Development Plan Approval
- Final Map with PD Development Plan Approval
- Final Map with PD Development Plan Approval

Commercial

Private Golf Course

Public

- Final Map with PD Development Plan Approval
- Parcel Map
- Parcel Map and dedication to public entity

"PD" equals Planned Development

Any Final Use Parcel with a designated land use other than those indicated above will be classified as commercial for the purpose of the Special Tax Formula.

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

"Gross Acre(age)" means the acreage of a parcel prior to dedication of right of way for streets, roads, landscaping, and other public purposes.

"Large Lot Parcel" means any Parcel delineated on a Large Lot Subdivision Map.

"Large Lot Subdivision Map" means a recorded subdivision map delineating Parcels by land use. However, the Large Lot Subdivision Map does not delineate individual single family residential parcels. Individual single family parcels will be delineated by a subsequently approved subdivision map.

"Maximum CFD Revenue" means \$4,500,000 as adjusted annually after the Base Year in accordance with the Tax Escalation Factor.

"Maximum Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year as shown in Attachments 1 and 2.

"Maximum Special Tax Revenue" means the greatest amount of revenue that can be collected by levying the Maximum Special Tax against a group of Parcels within a specific classification, such as Final Use Parcels.

"Net Acre(age)" means the acreage of a Parcel as shown on the Final Map or Parcel Map excluding the right-of-way dedicated for streets, roads, landscaping and other public purposes.

"Original Parcel" means a parcel created through the recordation of a Large Lot Subdivision Map prior to formation of the CFD. If the Large Lot Subdivision map is not recorded by the time of the initial tax levy, the County will apportion the Maximum Special Tax for each Taxable Parcel in the CFD based on the percentage of acres of each Taxable Parcel compared to the total acres of all Taxable Parcels in the CFD.

"Parcel" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of March 1 of each Fiscal Year.

"Planned Parcel" means any Taxable Parcel that is not a Final Use Parcel, Tentative Map Parcel or Large Lot Parcel.

"Public Parcel" means any parcel that is, or is intended to be, publicly owned, as designated in the EDHSP as adopted by the Board, that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways, public landscaping, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes as described below.

"Reserve Fund Share" means the reserve requirement on all outstanding bonds multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Subdivision" means a division of a Parcel into a set of Successor Parcels through the Subdivision Map Act process.

"Successor Parcel" means a Parcel created by Subdivision, lot line adjustment or Parcel map from an Original Parcel. Once created, the Successor Parcel will be treated in the same manner as an Original Parcel in the creation of any additional Successor Parcels from such Successor Parcel.

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

"Taxable Parcel" means any Parcel that is not a Public Parcel or exempt from Special Taxes as defined below.

"Tax Escalation Factor" means a factor of 2% which will be applied annually after the Base Year to increase the Maximum Special Tax rates shown in Attachments 1 and 2.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels or (ii) any Parcel that has prepaid its Special Taxes under Section 7 hereof. Certain privately-owned Parcels may also be exempt from the levy of Special Taxes including common areas, wetlands and open space.

"Tentative Map Parcel" means any Taxable Parcel for which a Tentative Map has been approved by the County.

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

3. Determination of Parcels Subject to Special Tax

The County shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor as of March 1. The County shall identify the Taxable Parcels from a list of all Parcels within the CFD using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.

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

- 2) Exclude all Parcels which have satisfied their Special Tax obligation through the provisions of Section 7.

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

4. Termination of the Special Tax

The Special Tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied on any Parcel in the CFD after Fiscal Year 2030-2031.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of

Cessation of Special Tax shall additionally identify the previously Taxable Parcels by the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Special Tax

A. Classification of Parcels. Each Fiscal Year, using the Definitions above, the parcel records of the County Assessor's Secured Tax Roll as of March 1, and other County development approval records, the County shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel;
2. Each Taxable Parcel to be classified as a Final Use Parcel, Tentative Map Parcel, or a Planned Parcel.

B. Assignment of Maximum Special Tax. The County shall then assign the Maximum Special Tax to each Taxable Parcel as follows:

Attachment 1 shows the estimated Maximum Annual Special Taxes for each land use by development status for the Base Year. The Maximum Annual Special Tax per Gross Acre is used for Tentative Map Parcels, Large Lot Tentative Map Parcels and Planned Parcels. The Maximum Annual Special Tax Per Net Acre is used for Final Use Parcels; except that the Maximum Special Tax for Residential Final Use Parcels is set by the median lot size for single family detached parcels within a Final Map or by the average number of units per acre for attached units as shown in **Attachment 2**. The Maximum Special Taxes shown in **Attachments 1 and 2** shall be increased annually after the Base Year by the Tax Escalation Factor.

When a Tentative Map Parcel is subdivided and/or becomes a Final Use Parcel, the basis of the Maximum Annual Special Tax will be changed from a tax per Gross Acre to a tax per Net Acre, per lot, or per unit depending on the land use.

The assignment of the Maximum Annual Special Tax to Final Use Parcels created by a Subdivision varies by land use as follows:

1. Commercial, Industrial, Recreational, and Institutional uses - the Maximum Annual Special Tax assigned to each Parcel is calculated by multiplying the Net Acreage of the Parcel by the Special Tax per Net Acre from **Attachment 1**.

2. Single Family Detached Residential - When a Final Map or PD Development Plan for a Single Family Detached Residential parcel is approved, the Maximum Annual Special Tax will be reapportioned to each Parcel based on the median lot size of the individual single family Parcels created by the Final Map or PD Development Plan. The Maximum Annual Special Tax is assigned to each Final Use Parcel, based on the median lot size in its Final Map, as shown in **Attachment 2**. In the event that a Final Map has two or more distinct lot size categories corresponding to different geographic areas within the Final Map, then the County shall assign the Maximum Special Tax to the individual single family Parcels created by the Final Map

based on the two or more median lot size categories that correspond to the respective different geographic areas of the Final Map.

3. Attached Residential Units - When a Final Map or PD Development Plan for an Attached Residential parcel is approved, the maximum Annual Special Tax will be reapportioned to each parcel based on the average number of units per acre as shown on the Final Map or PD Development Plan. The average is calculated by dividing the number of units by the gross acres of the planned development. The Maximum Annual Special Tax is assigned to each parcel based on average number of units per acre as shown in Attachment 2. For condominium parcels, the Maximum Annual Special Tax per unit is assigned to each residential parcel. For multi-family non-condominium parcels, the Maximum Annual Special Tax per parcel is the sum of the Maximum Annual Special Tax for each unit within the parcel.

4. Wetlands or Open Space - When a Final Map or Parcel Map is processed, the Maximum Special Annual Tax for open space and wetlands parcels will be set to zero. If the wetlands Parcel remains in private ownership, the tax will be zero dollars as long as the Parcel remains a Tax-Exempt Parcel. If the land becomes a Taxable Parcel, it will be subject to the Maximum Annual Special Tax. The Special Tax will be set based on the calculations described in (1), (2), or (3) above.

C. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Parcel designated in the EDHSP as a Tax-Exempt Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Special Tax for each such Parcel shall be assigned according to the Special Tax rate per acre shown on Attachment 1.

6. Setting the Annual Special Tax Rate for Taxable Parcels

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

- A. Compute the Annual Costs using the definition of Annual Costs in Section 2.
- B. Calculate the Special Tax for each Taxable Parcel by the following steps:
 - Step 1: Compute 91% of the Maximum Special Tax Revenue for all Final Use Parcels by summing the Maximum Special Tax for each Taxable Parcel.
 - Step 2: Compare the Annual Costs with the Maximum Special Tax Revenue from Final Use Parcels calculated in the previous step.
 - Step 3: If the Annual Costs are less than the Maximum Special Tax Revenue decrease proportionately the Special Tax levy for each Final Use Parcel until the Special Tax Revenue equals the Annual Cost.

- Step 4: If the Annual Costs are greater than the Maximum Special Tax Revenue from Final Use Parcels, levy a proportional amount of Special Tax on each Tentative Map Parcel to just equal the amount of Annual Costs or until 91% of the Maximum Special Tax is reached for such Tentative Map Parcels.
- Step 5: If the Annual Costs are greater than the Maximum Special Tax Revenue from Final Use Parcels and Tentative Map Parcels, levy a proportional amount of Special Tax on each Large Lot Tentative Map Parcel to just equal the amount of Annual Costs or until 91% of the Maximum Special Tax is reached for such Large Lot Tentative Map Parcels.
- Step 6: If the Annual Costs are greater than the Maximum Special Tax Revenue from Final Use Parcels, Tentative Map Parcels, and Large Lot Parcels, levy a proportional amount of Special Tax on each Planned Parcel to just equal the amount of Annual Costs or 91% of the Maximum Special Tax is reached for such Planned Parcels.
- Step 7: If the Annual Costs remain greater than the Maximum Special Tax Revenue from Steps 1 through 6, increase the tax levy proportionately for all Taxable Parcels from 91% of the Maximum Annual Tax toward, but not exceeding 100% of the Maximum Annual Tax until the Maximum Special Tax Revenues equal the Annual Costs.

C. Levy on each Taxable Parcel the amount calculated above.

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

The County shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

As development and subdivision of the EDHSP takes place, the County will maintain a file of each current County Assessor's Parcel Number within the CFD, its Maximum Special Tax, and the Maximum Special Tax Revenues for all Parcels within the CFD available for public inspection. This record shall show the Maximum Special Tax on all Original and Successor Parcels and a brief description of the process of assigning the Special Tax each time a Successor Parcel was created, including any adjustments due to change in use.

7. Prepayment of Special Tax Obligation

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

- The County determines that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent special taxes and penalties prior to prepayment.

The prepayment amount shall be established by following the steps in Part A and Part B below.

Part A. Outstanding Bond Share

- Step 1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 5 above. If the prepaying Parcel is not a Final Use Parcel, the determination of the Maximum Special Tax for the prepaying Parcel shall assume that the Parcel is a Final Use Parcel.
- Step 2: Divide the Maximum Special Tax from Step 1 by the Maximum CFD Revenue to arrive at the "Benefit Share."
- Step 3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step 2 by the total amount of Outstanding Bonds issued by the CFD.
- Step 4: Determine the Reserve Fund Share associated with the Bond Share determined in Step 3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share.
- Step 5: Determine the outstanding bond share by adding to the amount calculated in Step 4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the County in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

- Step 1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share by the Anticipated Construction Proceeds (inflated to current dollars in the year of prepayment using the Engineering News Record Building Cost Index).
- Step 2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made

available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of prepayment by using the Engineering News Record Building Cost Index.

- Step 3: Determine the share of facilities funded with pay-as-you-go special tax revenues by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step 4: Determine the remaining facility cost share for the Parcel by subtracting the results from Steps 2 and 3 from the Total Facility Cost Share determined in Step 1.
- Step 5: The Bond Authorization for the CFD shall be reduced by an amount equal to the amount determined in Part B, Step 4 multiplied by a factor of 1.15.

Combine the amount from Part A Step 5 with the amount from Part B Step 4 to arrive at the total prepayment amount.

8. Appeals

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

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

**Attachment 1
El Dorado Hills Community Facilities District 1992-1
Base Year Maximum Annual Special Taxes (1)**

Taxable Parcels	Maximum Annual Special Tax	
	<i>Large Lot Tentative Map, Tentative Map, and Planned Parcels (2)</i>	<i>Final Use Parcels</i>
	Per Gross Acre	Per Net Acre
Residential		
Single Family	\$2,400	see Attachment 2
Multi-Family	\$2,400	see Attachment 2
Condominium	\$2,400	see Attachment 2
Other Authorized Uses As Per- mitted by Residential Zoning	\$2,400	\$2,400
Commercial	\$2,400	\$3,960
Golf Course	\$600	\$600

Notes:

"tax_per_acre"

- (1) Maximum Special Tax shall be increased annually by 2%.
- (2) Maximum Annual Special Tax for Original Parcels is \$2,400 Per Gross Acre.

Attachment 2
El Dorado Hills Community Facilities District 1992-1
Base Year Maximum Annual Special Tax Per Residential Unit (1)

Median Lot Size for Individual Single Family Lots Created by a Final Map or Attached Units Per Acre	Tax Per Unit
Attached Units	
Up to 5 Units Per Acre	\$720
5.01 Units to 9 Units per acre	\$600
9.01 Units to 12 Units per acre	\$333
More than 12 Units Per acre	\$250
Single Family Detached	
Up to 6,000 square feet	\$720
6,001 square feet to 7,500 square feet	\$760
7,501 square feet to 10,000 square feet	\$880
10,001 square feet to 12,500 square feet	\$920
12,501 square feet to 15,000 square feet	\$960
15,001 square feet to 20,000 square feet	\$1,200
20,001 square feet to 25,000 square feet	\$1,280
25,001 square feet to 35,000 square feet	\$1,440
35,001 square feet to 50,000 square feet	\$1,800
50,001 square feet to 100,000 square feet	\$1,800
Over 100,000 square feet	\$1,800

(1) Maximum Special Tax shall be increased annually by 2%.

tax_per_lot