



Agenda

MEETING

SPECIAL RICHMOND CITY COUNCIL

(Meetings are virtual)

Friday, March 18, 2022, 3:00 p.m.

Community Services Building

440 Civic Center Plaza

Richmond, CA 94804

Members:

Thomas K. Butt, Mayor

Demnlus Johnson III, Councilmember at Large

Nathaniel Bates, Councilmember at Large

Claudia Jimenez, Councilmember District 6

Eduardo Martinez, Vice Mayor at Large

Melvin Willis, Councilmember District 1

Gayle McLaughlin, Councilmember District 5

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PURSUANT to the Governor of the State of California's Assembly Bill 361 and in the interest of the public health and safety, attendance at the City of Richmond City Council meeting will be limited to Council members, essential City of Richmond staff, and members of the news media. Public comment will be confined to items appearing on the agenda and will be limited to the methods provided below.

How to watch the meeting from home:

1. KCRT – Comcast Channel 28 or AT&T Uverse Channel 99
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Public comment may be submitted by mail, eComment, email and/or Zoom video conference in the manner that follows, provided that no member of the public may submit more than one verbal comment per agenda item.

Via mail: received by 1:00 p.m. the day of the meeting, sent to 450 Civic Center Plaza, 3rd Floor, Office of the Clerk, Richmond, CA 94804.

Via eComments: eComments are available once an agenda is published. Locate the meeting in "upcoming meetings" and click the comment bubble icon. Click on the item you wish to comment on. eComments can be submitted when the agenda is published and until the conclusion of public comments for the agenda item. eComments can be viewed by the City Council and members of the public as they are submitted. Email your comment to cityclerkdept@ci.richmond.ca.us should you have difficulty submitting an eComment during a meeting.

Via email: to cityclerkdept@ci.richmond.ca.us by 1:00 p.m. the day of the meeting. Emails **MUST** contain in the subject line 1) public comments – Open Session prior to Closed Session; 2) public comments – Open Forum; or 3) public comments agenda item # ___ [include the agenda item number]. **All such email with correctly labeled subject lines will be posted on-line and emailed to the City Council before the meeting is called to order. Email received after 1:00 p.m. will be posted on-line following the meeting as part of the supplemental materials attached to the meeting minutes.**

Via Zoom by video conference: for Open Session and City Council: **Please click the link below to join the webinar:**

<https://zoom.us/j/99312205643?pwd=MDdqNnRmS2k4ZkRTOWhlUldQOUF1Zz09>

Passcode: ccmeeting

By iPhone one-tap: US: +16699006833,,99312205643# or +13462487799,,99312205643#

By Telephone: Dial (for higher quality, dial a number based on your current location): US: +1 669

900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 929 205 6099 or +1 301 715 8592

Webinar ID: 993 1220 5643

International numbers available: <https://zoom.us/j/99312205643>

To comment by video conference: click on the Participants button at the bottom of your screen and select the “**Raise Your Hand**” button to request to speak when Public Comment is being asked for. **When called upon, press the unmute button. After the allotted time, you will then be re-muted. ****

To comment by phone: you will be prompted to “Raise Your Hand” by pressing “*9” to request to speak when Public Comment is asked for. **When called upon, you will be asked to unmuted by pressing *6.** After the allotted time, you will then be re-muted. Instructions of how to raise your hand by phone are available at:

<https://support.zoom.us/hc/en-us/articles/201362663-joining-a-meeting-by-phone>. **

**The mayor will announce the agenda item number and open public comment when appropriate.

The City cannot guarantee that its network and/or the site will be uninterrupted. To ensure that the City Council receives your comments, you are strongly encouraged to submit your comments in writing in advance of the meeting.

AB 361 Procedures in the Event of Technical Difficulties: In the event the meeting broadcast is disrupted, or if a technical issue on the agency's end disrupts public participation, the legislative body board cannot take any further action on the agenda until the technical issue is resolved.

Properly labeled public comments will be considered a public record, put into the official meeting record, available after the meeting as supplemental materials, and will be posted as an attachment to the meeting minutes when the minutes are posted:

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Effect of Advisory on In-person public participation:

During the pendency of Assembly Bill 361, the language in this Advisory portion of the agenda

supersedes any language contemplating in-person public comment.

A. SPECIAL OPEN SESSION TO HEAR PUBLIC COMMENT BEFORE CLOSED SESSION

3:00 p.m.

B. ROLL CALL

C. CLOSED SESSION

C.1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(paragraph (1) of Subdivision [d] of Government Code Section 54956.9)

- SPRAWLDEF et al. v. City of Richmond
- The Guidiville Rancheria of California, et al. v. The United States of America, et. al.
- North Coast Rivers Alliance et al./Point Molate Alliance et al. v. City of Richmond

C.2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Significant exposure to litigation pursuant to paragraph (2) or (3) of Subdivision (d) [as applicable] of Government Code Section 54956.9)

- **Three Cases**

In light of the California Court of Appeal's decision in Fowler v. City of Lafayette, the City Attorney's Office is attaching to this agenda four communications regarding the amended judgment and various agreements related to Point Molate. These letters provide the existing facts and circumstances for going into closed session on these items pursuant to California Government Code Section 54956.9(d)(2) and (e)(3).

D. PUBLIC COMMENT BEFORE CLOSED SESSION

E. ADJOURN TO CLOSED SESSION

F. SPECIAL MEETING OF THE RICHMOND CITY COUNCIL

3:30

G. ROLL CALL

H. PUBLIC COMMENT INSTRUCTIONAL VIDEO

I. STATEMENT OF CONFLICT OF INTEREST

J. AGENDA REVIEW

K. REPORT FROM THE CITY ATTORNEY OF FINAL DECISIONS MADE DURING CLOSED SESSION

L. NEW BUSINESS

- L.1. Adoption of a Resolution of Intent to Establish a Community Facilities District (CFD) for Point Molate, Adoption of Goals & Policies Statement for Community Facilities Districts, specifically for the Point Molate CFD**

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ADOPT a resolution adopting Local Goals and Policies Relating to Community Facilities Districts; ADOPT a resolution of intention to establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and to Designate Three Improvement Areas therein, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Facilities, Provide Certain Services and Pay for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness; and ADOPT a resolution of intention to Incur Bonded Indebtedness Within the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and Each of the Three Improvement Areas Therein. There is no requirement of General Fund support for these Bond measures - Public Works Department (Joe Leach 510-620-5478).

M. ADJOURNMENT



AGENDA REPORT

Finance Department

DATE:	March 18, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Anil Comelo, Interim Deputy City Manager Belinda Brown, Director of Finance Joe Leach, PE, Director of Public Works Lina Velasco, Director of Community Development
Subject:	Adoption of a Resolution of Intent to Establish a Community Facilities District (CFD) for Point Molate, Adoption of Goals & Policies Statement for Community Facilities Districts, specifically for the Point Molate CFD
FINANCIAL IMPACT:	A Fiscal Impact Study was prepared on behalf of the developer, and the Study was peer reviewed by the City's consultant. The Study projects a positive long-term impact of the development. However, with more conservative assumptions than those used in the peer reviewed study, a negative fiscal impact is possible. Developer has now agreed to additional security measures to ensure that possible negative fiscal impacts to the General Fund are fully addressed to the maximum degree permitted by State law
PREVIOUS COUNCIL ACTION:	November 23, 2021 January 25, 2022 February 1, 2022 February 24, 2022 The Council considered this item without taking formal Action in a Study Session on February 24, 2022. This item was agendized for January 25, 2022, and carried over to the February 1, 2022, Council Meeting; The City Council did not take formal Action.

	<p>The technical consulting team for the Community Facilities District formation was approved at the meeting of November 23, 2021.</p>
<p>STATEMENT OF THE ISSUE:</p>	<p>Within its Disposition and Development Agreement and its Development Agreement with the entitlement holders of Point Molate, the City has agreed to cooperate in the formation of financing districts, including landscape and lighting maintenance districts, community facilities districts, benefit assessment districts, geologic hazard abatement districts, and tax-exempt financing mechanisms. Certain actions are required of the City to comply with these agreements. This item presents documents required for the first formal step in the process of forming a Community Facilities District. Presented herewith are a Resolution Adopting Local Goals and Policies Relating to Community Facilities Districts, a Resolution of Intention for the establishment of a Community Facilities District for Point Molate, and a Resolution of Intention to Incur Bonded Indebtedness within the Community Facilities District for Point Molate.</p>
<p>RECOMMENDED ACTION:</p>	<p>ADOPT a resolution adopting Local Goals and Policies Relating to Community Facilities Districts; ADOPT a resolution of intention to establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and to Designate Three Improvement Areas therein, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Facilities, Provide Certain Services and Pay for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness; and ADOPT a resolution of intention to Incur Bonded Indebtedness Within the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and Each of the Three Improvement Areas Therein. There is no requirement of General Fund support for these Bond measures - Public Works Department (Joe Leach 510-620-5478).</p>

DISCUSSION:

Background. The formation of land-secured financing districts, as permitted by State law, are utilized to finance the construction, development, and operation of the master infrastructure, offsite improvements, and master developer amenities in connection with various projects and the development of a property.

During the entitlement phase of land use planning, a Fiscal Impact Study¹ was prepared by Economic Planning Systems, Inc. (“EPS”) on behalf of the developer, Winehaven Legacy, and the Study was peer reviewed² by the City’s consultant, BAE Urban Economics. These studies were reviewed by the City Council prior to the granting of development entitlements in September 2020. The EPS study projected a positive long-term impact of the development. However, adverse fiscal impacts in the short term are possible and have been considered at previous City Council meetings. This impact has the potential to occur should operating costs exceed the tax revenues derived from the project before the project is completely built out.

Also during the entitlement phase of the land use planning and/or project planning for Point Molate, the City was asked and agreed to include provisions in its Disposition and Development Agreement (“DDA”) and its Development Agreement (“DA”) to cooperate with developers in the formation of financing districts, including landscape and lighting maintenance districts, community facilities districts, benefit assessment districts, geologic hazard abatement districts, and tax-exempt financing mechanisms.

The City is obligated under the terms of its DDA and its DA to work with Winehaven Legacy, aka SunCal, to form a Community Facilities District (“CFD”) for the potential Point Molate project. However, the City is not obligated by the DDA and DA to proceed if the financing mechanism requires General Fund support.

As noted previously, one mechanism of land-secured financing is the CFD. On November 23, 2021, the City Council authorized the City to assemble a team to study the proposed project and develop the various quantitative analyses and legal documents that are necessary for the formation of a Community Facilities District.

Initially the developer’s fiscal impact analysis by EPS showed no impact on the General Fund over the expected absorption timeframe of seven years for buildout. Over a number of public meetings, this analysis was expanded to 15- and 30-year buildout scenarios. Because a police and fire station must be constructed and staffed at the early stage of project development, the speed of development and sales is critical. To prevent a negative fiscal impact, the developer first offered \$2 million per

¹ *Richmond Point Molate Fiscal and Economic Impact Analysis*, prepared for Winehaven Legacy LLC by Economic Planning Systems, Inc. (“EPS”) and submitted on June 17, 2020.

² *Peer Review of Winehaven Prepared Fiscal Impact Analysis for Proposed Point Molate Mixed-Use Development Project*, prepared for City of Richmond by BAE Urban Economics Inc. (BAE) and submitted on June 29, 2020.

year for five years to support operations. The finance team for the City further suggested using the \$22.5 million revenue from the sale of the land, as an early development security fund, that would eventually be transferred to the City's General Fund. The City Council then questioned the assumed sales prices of the units which created the possibility of a negative impact within the 30-year buildout scenario.

The City's financial team went back to the developer and requested that the City's \$22.5 million commitment as security be removed, and the developer fund the public safety operations until the costs can be fully carried by the CFD. The developer has responded favorably and will provide an operational subsidy as needed. The City's police and fire station services costs are projected at \$5.355 million, and the developer will provide \$6 million with a 12 percent contingency, which payment would escalate at the maximum CFD rate of 6 percent. The need for the \$22.5 million Security Fund from the City is eliminated. With this, the City's financial team thinks the City Council's efforts have now substantially improved the City's position.

Risk Assessment. With this summary, the City Council and technical consultants have identified policy questions and risks. The team has designed for City Council consideration a CFD that mitigates or eliminates risks.

The following risks have been identified with respect to the formation of a CFD for Point Molate:

- Risk 1: The CFD allows the development of Point Molate to proceed, and the project has an adverse fiscal impact on the City's General Fund.
- Risk 2: The CFD is formed, but bonds are never issued, and the project is de facto abandoned.
- Risk 3: The CFD issues bonds and the bonds go into default.
- Risk 4: The CFD issues bonds but the development of the project proceeds very slowly or is stalled for years.

Below is a more detailed discussion of each risk described above:

Risk 1: The CFD allows the development of Point Molate to proceed, and the project has an adverse fiscal impact on the City's General Fund.

The primary fiscal challenge associated with the development of Point Molate is the need for both a fire station and a police substation to serve the area. While the DDA specifies that a combined police and fire station must be completed at the expense of the developer prior to sale or rental of housing units in Point Molate, there is no such special provision in the DDA regarding developer funding of the operational costs.

As previously noted, during the entitlement phase of land use planning, a Fiscal Impact Study was prepared by EPS on behalf of the developer, and the Study was peer reviewed by the City's consultant, BAE. The EPS study projects a positive long-

term fiscal impact from the development, taking into consideration the full operational costs for the new fire and police stations in Point Molate. City staff has checked the assumptions on fire and police operating expenses and found them substantially accurate. The combined costs of staffing and operating the proposed combined police and fire station in Point Molate projected by the Fiscal Impact Study done in 2020 were estimated to be \$5.2 million per year. City staff has done a detailed analysis of the costs to staff and operate the proposed combined police and fire station in Point Molate. The updated staff analysis indicated an annual cost of \$5.355 million per year.

However, the staff analysis also indicated a cost of about \$1.65 million to acquire police and fire rolling stock for the new station. If leased, an annual lease payment for rolling stock is projected to be less than \$300,000 per year. This equipment will need to be replaced over time. City staff's analysis:

**Summary Public Safety Costs for the
Start-Up & Staffing of Station at Point Molate**

Annual Costs for Staffing	
Police	\$2,090,945
Fire	\$3,264,037
Total	\$5,354,982
One-Time Start-Up Costs	
Police	\$228,800
Fire	\$1,412,380
Total	\$1,641,180

Given all these considerations, the peer-reviewed fiscal impact analysis would indicate, when adjusted for SunCal's current development plans for Point Molate, an annual fiscal surplus of approximately \$7.5 million per year at full build out.

However, prior to build out, staff and the finance team have determined that the need to fund \$5 million+ per year in fire and police operating expenses for Point Molate will result in a negative fiscal impact prior to the completion of about 600 of the 1,400+ units planned for Point Molate.

Council has directed staff to re-evaluate the fiscal impact of the proposed development using lower estimated valuations for Point Molate than those provided by Integra Reality Resources in their February 7, 2022, analysis. Accordingly, City staff and the City's finance team used the lower estimated valuations provided by Strategic Economics in their September 8, 2020, study for the Point Molate Alliance (Attachment 6). Use of Strategic Economics' lower valuation assumptions and projecting a long 30-year build out period for Point Molate results in a negative fiscal impact on the City's General Fund. Use of a 7-year or 15-year build out period with Strategic Economics' valuation assumptions results in a positive fiscal impact on the City's General Fund.

Given the requirement that the CFD have no negative impact upon the City, the proposed Rate and Method of Apportionment ("RMA") proposed within the *Resolution of*

Intention of the City Council of the City of Richmond, California, to Establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (Attachment 3) has been designed to fully mitigate the risk of negative fiscal impact on the City's General Fund, even in the 30-year build out scenario using the valuation estimates of Strategic Economics. This protective provision is described in detail in the section of this staff report regarding the Rate and Method of Apportionment.

Risk 2: The CFD is formed, but bonds are never issued, and the project is de facto abandoned.

The formation of a CFD for a particular real estate development, such as Point Molate, does not directly trigger or result in the issuance of bonds or the actual construction of the project. There are a number of examples in California where CFDs were formed, and years passed before bonds were issued and the project started development. In a few cases, the project was de facto abandoned by the developer.

In this case the City's fiscal risk would arise from the need to provide basic public safety services to the Point Molate area in a vacant land and/or open space state. Neither staff nor the financing team has any estimates of what these costs would be.

If bonds are not issued, the City would not have any of the risks associated with bond issuance, as described below under Risk 3.

With respect to the risk of project failure, staff and the financing team were presented with a number of questions regarding anticipated absorption rates of a development of Point Molate. These questions were addressed in the materials previously presented, and particularly for the Study Session held on February 24, 2022. As addressed then, an absorption study has not been prepared at this time because the absorption study must be prepared and dated not more than 90 days in advance of the issuance of bonds. "Best practices" amongst California public agencies with respect to the absorption study and appraisal for a potential CFD project is to require these documents at the time of bond issuance, as opposed to the time of CFD formation. Since two to three years may transpire between the time of CFD formation and the time when home construction can start, these studies are typically considered speculative at the time of CFD formation.

Risk 3: The CFD issues bonds and the bonds go into default.

As noted in a presentation to Council on November 23, 2021, the worst-case scenario for bond issuance is that the first series of bonds for a Point Molate CFD are issued, but the developer stops paying CFD special taxes and de facto abandons the project. Such a failure would most likely be accompanied by a bankruptcy filing by the developer.

Given the need to fully fund and construct a \$40 million+ utility stub across Interstate 580 and up Stenmark Drive before the first building permit can be issued, the project could conceivably remain non-developable until the utility stub is completed.

In this case, the City would be required to (1) pursue statutory foreclosure proceedings against taxable property within the CFD and (2) retain bankruptcy counsel in the event the developer files for bankruptcy as well. Again, as noted before, the City has absolutely **no** obligation to pay debt service on defaulted CFD bonds. The CFD bonds are solely secured by special taxes on taxable property within the CFD. The disclosure to potential bond investors will make this fact very clear.

Nevertheless, the legal costs of statutory foreclosure and bankruptcy proceedings can be significant. Bankruptcy counsel for the City would be very expensive and could easily run \$100,000+ per year. Note however that all of these expenses are reimbursable in full from future special taxes from the CFD. Note also that a Federal bankruptcy court has no authority to amend or extinguish the tax lien for the CFD. This means that it is extremely likely that the City will be repaid in full, with interest, for its expenses in pursuing foreclosure and representing itself in bankruptcy court.

The worst case in the City's municipal advisor's experience with respect to this interim adverse impact on the General Fund is with the Ritter Ranch CFD for the City of Palmdale. Foreclosure and bankruptcy court expenses over a six-year period totaled approximately \$1 million.

The City's municipal bond rating is not at risk for being downgraded because the bond rating companies (Moody's and Standard and Poor's) do not consider bonds indebtedness of a Community Facilities District to be an obligation of the City. There is no link between a CFD default and the City's bond rating.

Potential mitigation measures for this risk will be presented as part of the Statement of Goals and Policies discussion described below.

Risk 4: The CFD issues bonds but the development of the project proceeds very slowly or is stalled for years.

City staff and the City's finance team believe that the "cross-over point" where General Fund revenues from the project exceed General Fund expenses occurs when about 600 units have been constructed and certificates of occupancy have been issued in Point Molate. The question is, how does the City deal with the adverse fiscal impact of the project prior to that point?

This question goes to the core question of the anticipated absorption rate for the Point Molate project. SunCal anticipates build out over a 7-year period, measuring from the time the first building permit can be pulled. City staff and its finance team have not seen any market feasibility or absorption study prepared for SunCal. As noted above, Council members have asked appropriate questions about the likely absorption schedule for the project. However, even if such a study were publicly available now, it would remain very speculative. The time for CFD formation, design, permitting and construction of the utility stub and CFD bond issuance in all likelihood puts the first building permit at least

two years if not three years in the future. Any absorption estimates done now may not be applicable for the real estate market two or three years from now.

Procedure for Forming the Point Molate CFD. To form a CFD, the City must undertake the following actions:

- 1) Make Written Request to Establish City of Richmond Community Facilities District No. 2022-1 (Point Molate) (Attachment 1)
- 2) Adopt a Statement of Goals and Policies (Attachment 2)
- 3) Adopt a Resolution of Intention to Establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and to Designate Three Improvement Areas therein, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Facilities, Provide Certain Services and Pay for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness (Attachment 3)
- 4) Adopt a Resolution of Intention to Incur Bonded Indebtedness Within the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and Each of the Three Improvement Areas Therein (Attachment 4)
- 5) Hold a public hearing no sooner than 30 days after the adoption of a Resolution of Intention to Establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate)
- 6) After a public hearing, adopt a Resolution of Formation
- 7) Hold a landowner vote
- 8)

The proposed CFD formation schedule for Point Molate shows the City Council approving the Resolution of Intention to Establish the City of Richmond Community Facilities District No. 2022-1 on March 15, 2022. The public hearing would be scheduled and noticed for April 19, 2022. Adoption of the Resolution of Formation and the landowner vote would be considered subsequent to the public hearing, with both actions taking place on April 19, 2022, as well. This schedule would accommodate the formation of a CFD by April 20, 2022, as required by the City of Richmond's DDA.

Statement of Goals and Policies. State law requires that any public entity considering approval of formation of a CFD must adopt a Statement of Goals and Policies. This statement addresses the following major policies regarding CFDs within the City:

- Types of land development for which CFDs may be used.
- Types of facilities and services that CFDs may be used to fund.
- Minimum ratio of appraised or assessed value to bond amount ("value-to-lien" ratio) for any bond issuance.
- Any requirements for developer cash contributions for funding facilities.
- Method of bond sale for CFD bonds, e.g., public offering and/or private placement.
- Maximum term of any CFD bonds.
- Minimum land use entitlements required for issuance of bonds.
- Security requirements from developers for the issuance of bonds.

- Minimum requirements for CFD bond sale investor disclosure document.
- Requirements for an absorption study and an appraisal prior to the issuance of bonds.

The City Council will set all of these requirements through adoption of the Statement of Goals and Policies. The Statement of Goals and Policies is typically adopted at the same meeting that the Resolution of Intention to establish a District is adopted. Again, as noted above, the constraints in the Statement of Goals and Policies are not covered by either the Resolution of Intention or Resolution of Formation in the CFD formation process.

Discussion of proposed draft Statement of Goals and Policies. Particular attention has been given to including language in the Statement of Goals and Policies that makes the Statement robust and protective of the City's interests.

Section V - Security. This section mandates a 5-to-1 value to lien ratio (ratio between appraised value and bond amount). In addition, it also requires that the developer post a letter of credit payable to the City equal to two years of debt service on their undeveloped property at the time of bond issuance. This has the effect of severely penalizing the developer and thereby discouraging the developer from making delinquent tax payments or filing bankruptcy.

Section VI - Disclosure Requirements. This section, amongst other things, requires the developer to disclose all of their history with other CFDs, including tax delinquencies and bankruptcies. This has the effect of providing transparency to both the City and bond investors.

Section VII - Other Requirements for Land Developers. This section, amongst other things, provides that the City can require funding by developer cash or from bond proceeds of a \$100,000 reserve to fund the City costs in the event of developer tax delinquencies or a bankruptcy. This has the effect of providing cash to the City to fund pursuit of remedies in the event of tax delinquencies or bankruptcy by the developer.

Section XI - Privately Placed CFD Debt. This section provides that if debt for a CFD is privately placed with investors who absolve the City of any responsibility for disclosure, that the value to lien ratio may be as low as 2.5-to-1, and the letter of credit requirement can be waived. This has the effect of ensuring that the City has no liability to a bond investor and makes the issuance of bonds without risk to the City.

Resolution of Intent. The Resolution of Intent to form a CFD provides preliminary approval of the following documents or specifics of the CFD:

- Rate and Method of Apportionment ("RMA")
- Authorized Facilities

- Authorized Services
- Boundaries of the CFD
- Boundaries of the Improvement Areas
- Maximum Authorized Bond Amount

Rate and Method of Apportionment. The Resolution of Intent gives preliminary approval to the RMAs for three separate Improvement Areas within the proposed Point Molate project. Separate RMAs for each Improvement Area allows the special tax rates to be specifically set for the development likely to occur in each Improvement Area.

There are two types of special taxes described within the RMA: Special Tax A to fund *facilities* for Point Molate, including the police and fire station, and Special Tax B to fund *services*. Special Tax A can be increased annually at a rate not to exceed 2 percent per year. Special Tax B can be increased at a rate equal to the Consumer Price Index, but not less than 2 percent per year and not greater than 6 percent per year. Both of these special taxes can be levied for a period of 60 years after Fiscal Year 2021-2022.

Full mitigation of negative fiscal impact in the RMA. In response to comments and questions by the City Council at the study session of February 24, 2022, the following changes to the RMA were made with respect to fiscal impact on the General Fund. The RMA provides for a special tax on undeveloped property owned by SunCal or other developers to fully mitigate the potential for negative fiscal impact should that occur prior to the full build out of the project. As noted earlier, the maximum negative fiscal impact determined by the need to fully staff the police and fire facility for the first "move-ins" for the project is \$5.355 million per year; this cost is estimated to be \$5.655 million per year if the City leased rather than purchased rolling stock. The maximum special tax for *services* ("Special Tax B"), including police and fire, on undeveloped property is \$6.3 million. This total special tax potential will inflate at the Consumer Price Index at a rate not less than 2 percent but not greater than 6 percent for the life of the CFD.

The fiscal deficit will be determined annually by a consultant retained by the City, using actual sales prices for residential units and other developed property within the CFD, and using the overall fiscal impact model recommended by BAE, the City's own fiscal consultant. This tax levy on undeveloped property to mitigate fiscal impact can be repaid from future special taxes levied on developed property from any surplus special taxes for the Special Tax A (facilities tax) after payment of debt service. This means that reimbursement to the developers for any negative fiscal impact tax levies will come from the special taxes intended to pay debt service on bonds issued to fund infrastructure costs for the Point Molate project, not the Special Tax B used to fund services for both Point Molate and City residents.

Consequently, a slow build out period is not a fiscal impact risk to the City. It was originally presented at the February 24, 2022, workshop to utilize the \$22.5 million purchase revenue towards a "Security Fund" against negative fiscal impact. In

response to concerns expressed by members of the Council, the proposed undeveloped property tax in the RMA mitigates the need for the "Security Fund" against negative fiscal impact; it is not required. The City's finance team estimates that using the Strategic Economics valuation estimates and a 30-year build-out, the total Special Tax B levy on SunCal or other developers is over \$60 million. If so, only \$15 million would be reimbursed from surplus special taxes after debt service from Special Tax A.

This provision gives the City the maximum authority allowed under the State statute to mitigate adverse fiscal impact from the Point Molate project on the City's General Fund. The only limit is the 6 percent annual cap on increases to Special Tax B for services in the State statute. If the City's operating expenses at a rate not only in excess of 6 percent for a multi-year period, and the City's revenues also increased at significantly lower rate over the same multi-year period, a negative fiscal impact is possible.

Downward Adjustment of Special Tax A. The RMA provides that Special Tax A, the facilities tax, can be adjusted downward to keep the combined tax burden on property within the 2 percent of assessed value limit stated under the DDA. This potential downward adjustment takes place at the time of issuance of each series of bonds are any of the three Improvement Areas. The adjustment is based on an estimate of the actual sales prices estimated for new construction within each Improvement Area securing such bond issues. Special Tax A cannot be adjusted upwards under this process, regardless of what the estimated sales prices are.

Note that Special Tax B, the services tax, cannot be adjusted downwards.

Authorized Facilities. All facilities required by the development are authorized.

Authorized Services. All services possible under State law are authorized.

Boundaries of the CFD and the Improvement Areas. The boundaries of the CFD and the Improvement Areas are consistent with the DDA, and do not include areas designated for open space.

Resolution of Intent to Incur Bonded Indebtedness. This resolution sets the maximum Authorized Bond Amount for the CFD. The authorized bond amount is capped at a maximum of \$292 million. This figure is considerably larger than the \$100 million estimated allocation for facilities in the DDA. *This resolution does not obligate the City to issue bonds for the Point Molate CFD.* To do so, the City Council would be asked to adopt another resolution in the future: a Resolution of Necessity to Incur Bonded Indebtedness.

The authorized bond amount is capped at a maximum of \$292 million for the following reasons:

- Regardless of what the authorized bond amount is, the maximum amount of debt that can be borrowed is controlled by the maximum special taxes that can be levied through Special Tax A (facilities), as capped in the RMA. Once adopted, Special Tax A may only be increased by a maximum of 2 percent per year, regardless of any increases in the future costs of the construction of Authorized Facilities.
- Authorized bond amounts need to provide for funding of debt service reserve funds, capitalized interest, and costs of issuance, in addition to facilities costs.
- In the event that there are extra facilities costs that cannot be supported by Special Tax A revenue, those costs must be funded by the developer. Note that the Authorized Facilities would allow this extra authorization to be used to fund any improvements required for adaptation to sea level rise.
- The extra bond authorization amount in no way reduces the availability of Special Tax B (services) revenues to mitigate any negative fiscal impact.

DOCUMENTS ATTACHED:

- Attachment 1 - Written Request to Establish City of Richmond Community Facilities District No. 2022-1 (Point Molate)
- Attachment 2 - Resolution of the City Council of the City of Richmond, California, Adopting Local Goals and Policies Relating to Community Facilities Districts
- Attachment 3 - Resolution of Intention of the City Council of the City of Richmond, California, to Establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and to Designate Three Improvement Areas therein, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Facilities, Provide Certain Services and Pay for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness
- Attachment 4 - Resolution of the City Council of the City of Richmond, California, of Intention to Incur Bonded Indebtedness Within the City of Richmond Community Facilities District No. 2022-1 (Point Molate), and Each of the Three Improvement Areas Therein
- Attachment 5 - Revised Fiscal Impact Estimates for Point Molate using the Point Molate Alliance's Strategic Economics study
- Attachment 6 - Strategic Economics study provided to the Point Molate Alliance in 2020

**WRITTEN REQUEST
TO ESTABLISH
CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(POINT MOLATE)**

Honorable City Council
City of Richmond
450 Civic Center Plaza
Richmond, CA 94804

Members of the City Council:

This is a written request to create a community facilities district pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”). The undersigned, being two members of the City Council of the City of Richmond, California (the “City”), hereby state as follows:

1. Point Molate. The City is the fee title owner of 100% of the real property described in (i) Exhibit A-1 to that certain Disposition and Development Agreement for Point Molate Mixed-Use Development, by and between the City and Winehaven Legacy LLC, a Delaware limited liability company (“Winehaven”), dated as of September 30, 2020 (the “DDA”) and (ii) Exhibit A to that certain Development Agreement, by and between the City and Winehaven, dated as of October 21, 2020 (the “DA” and together with the DDA, the “Development Agreements”), and depicted on the boundary map attached as Exhibit A hereto (the “Property”). The Property was formerly within the boundaries of Point Molate Naval Fuel Depot prior to its closure. Pursuant to the terms and conditions set forth in the Development Agreements, the City intends to convey the Property to Winehaven which will develop the Property as set forth therein, and the formation of a community facilities district by the City that encompasses the Property is a precondition to such conveyance. The Development Agreements further provide that such community facilities district shall provide for financing of the facilities and services described in Exhibit B attached hereto (the “Facilities” and “Services,” respectively).

2. **Proceedings Requested.** Pursuant to Section 53318(a) of the Act, the undersigned being two members of the City Council of the City hereby request that the City Council of the City institute proceedings pursuant to the Act to establish the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (“CFD No. 2022-1”), and designate three improvement areas therein, to finance the Facilities and Services.

This written request is dated March 4, 2022.



Tom Butt
Mayor of the City of Richmond



Nathaniel Bates
Councilmember of the City of Richmond

EXHIBIT A

**PROPOSED BOUNDARIES OF
CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(POINT MOLATE)**

The proposed boundaries of the territory for inclusion in the City of Richmond Community Facilities District No. 2022-1 (Point Molate) are depicted in the attached map.

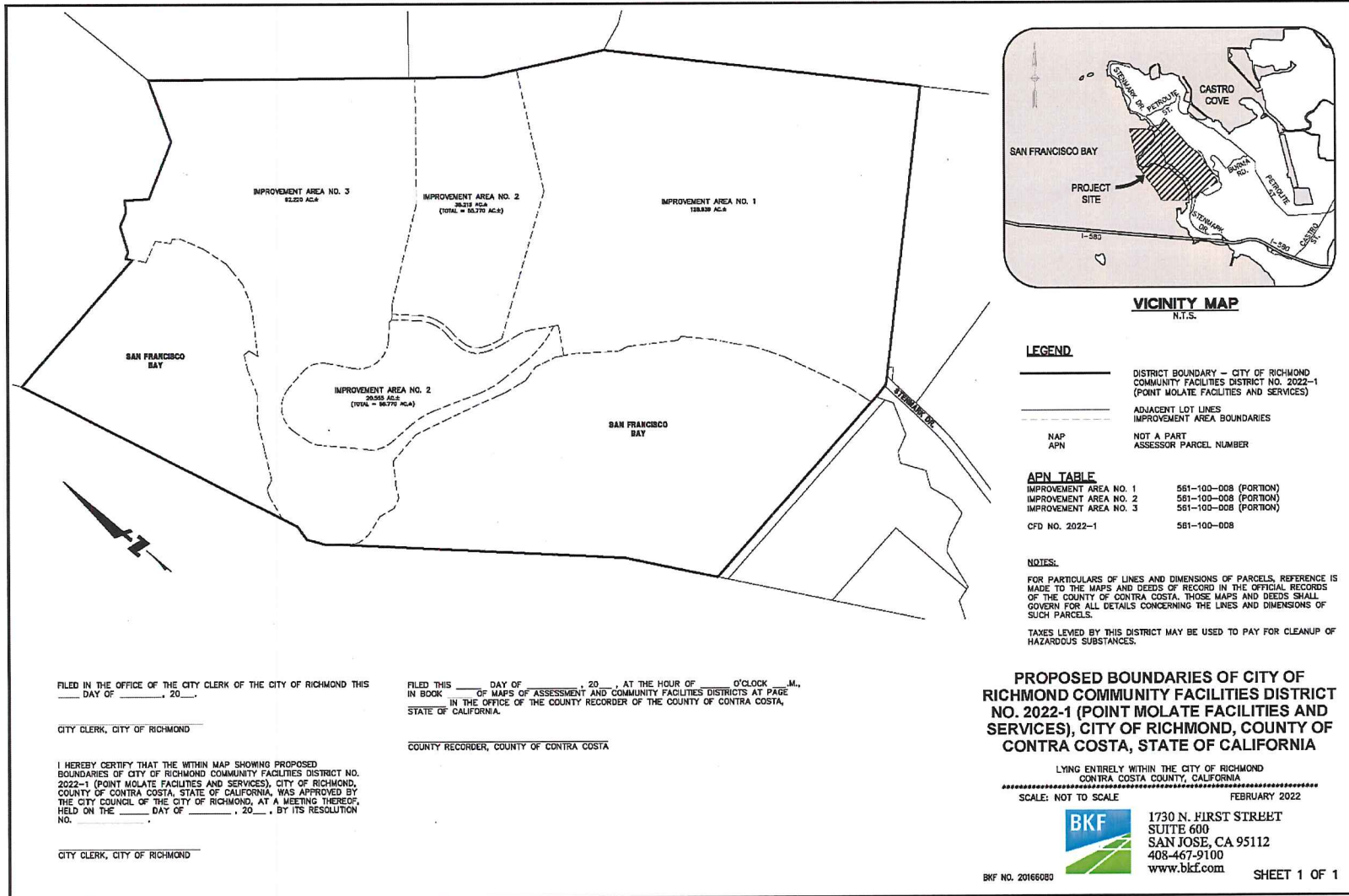


EXHIBIT B
LIST OF FACILITIES

CFD No. 2022-1, on behalf of itself and each improvement area thereof, is hereby authorized to finance the costs of the purchase, construction, expansion, improvement, or rehabilitation of facilities permitted under the Mello-Roos Act from the proceeds of special taxes and bonds issued by CFD No. 2022-1, including, without limitation:

CITY FACILITIES

The types of City Facilities that are proposed to be financed by CFD No. 2022-1 with the proceeds of special taxes and bonds issued by CFD No. 2022-1 consist of backbone infrastructure needed for new and existing development (both within the project limits as well as offsite improvements), such as roadway, bridge, sewer, dry utilities, storm drain, sea wall, street and parkway landscaping, curb and gutter, medians, median landscaping, traffic signals, entry signage, parks, trails, police facilities, fire facilities, and appurtenances and appurtenant work.

The description of City Facilities is general in nature. The final nature and location of the City Facilities will be determined upon preparation of final plans and specifications. Addition, deletion or modification of descriptions of the City Facilities may be made consistent with the requirements of the City Council of the City, CFD No. 2022-1 and the Act.

EAST BAY MUNICIPAL UTILITIES DISTRICT (“EBMUD”) FACILITIES

The proposed EBMUD Facilities include the construction, purchase, modification, expansion, improvement and/or rehabilitation of public facilities to be owned and operated by EBMUD including, without limitation, water system facilities and acquisition of water system capacity.

The EBMUD Facilities listed herein are representative of the types of facilities authorized to be financed by CFD No. 2022-1. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the EBMUD. Addition, deletion or modification of descriptions of the EBMUD Facilities may be made consistent with the requirements of the governing board of the EBMUD, CFD No. 2022-1 and the Act. The Facilities are necessary for CFD No. 2022-1 (and each improvement area thereof) and are generally intended to comply with the requirements of the City.

The description of Facilities is general in nature. The final nature and location of the Facilities will be determined upon preparation of final plans and specifications.

Any Facility authorized to be financed by CFD No. 2022-1 may be financed through the construction and acquisition of the Facility or through the payment of fees for such Facility.

The Facilities constructed or acquired may be located within or outside CFD No. 2022-1.

The Facilities to be financed shall include all hard and soft costs associated with the Facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to

landscaping and irrigation, soils testing, permits, plan check, and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing as may be further defined in one or more acquisition agreements with the developer of the property in CFD No. 2022-1.

LIST OF SERVICES

The types of Services that are proposed to be provided by CFD No. 2022-1 and funded with the proceeds of special taxes levied by CFD No. 2022-1 consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, police and fire protection, ambulance and paramedic services, street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems. All of the services to be financed must be in addition to those provided within the boundaries of CFD No. 2022-1 before CFD No. 2022-1 is created, and shall not supplant services already available within that territory when CFD No. 2022-1 is created.

RESOLUTION NO. ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND,
CALIFORNIA, ADOPTING LOCAL GOALS AND POLICIES RELATING TO
COMMUNITY FACILITIES DISTRICTS

WHEREAS, the City of Richmond (the "City") is a municipal corporation and a charter city that is duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, the City desires to form one or more community facilities districts pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") to finance certain public facilities to be owned and operated by the City and/or other public agencies and to finance certain public services; and

WHEREAS, pursuant to Section 53312.7 of the Act, the City must adopt local goals and policies relating to the use of the Act to finance public facilities prior to initiating proceedings to form a community facilities district;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHMOND THAT:

Section 1. Each of the above recitals is true and correct.

Section 2. The "Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982" of the City attached as Exhibit A hereto (the "Policies") is hereby approved. The Policies may be amended from time to time by the City Council as necessary to comply with legal requirements or as otherwise desired by the City Council.

Section 3. The Mayor, any member of the City Council, the City Attorney, the City Manager, and other members of City staff, are hereby directed and authorized to take all actions necessary to comply with the Policies.

Section 4. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Richmond held on the 15th day of March, 2022.

Tom Butt,
Mayor

ATTEST:

Pamela Christian,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA) ss.
CITY OF RICHMOND)

I, _____, City Clerk and ex-officio Clerk of the City Council of the City of Richmond, California, do hereby certify that the whole number of the members of the City Council is five; that the above and foregoing Resolution No. ____ was duly and regularly passed and adopted at a regular meeting of the City Council held on the 15th day of March, 2022 by the following vote:

COUNCILPERSONS AYES: _____()

COUNCILPERSONS NOES: _____()

COUNCILPERSONS ABSTAINED: _____()

COUNCILPERSONS ABSENT: _____()

Pamela Christian,
City Clerk

EXHIBIT A

CITY OF RICHMOND

**STATEMENT OF GOALS AND POLICIES FOR THE USE OF
THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

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**STATEMENT OF GOALS AND POLICIES FOR THE USE
OF THE MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

I. INTRODUCTION

The City of Richmond (the “City”) has developed the following Goals and Policies on debt financing as guidelines to assist concerned parties in following the City’s approach to community facilities district debt financing. It is the City’s goal to support projects which address a public need and provide a public benefit. Proposed projects requesting community facilities district debt financing will be evaluated to determine if such financing is financially viable and in the best interest of the City and current and future City and project residents. These Goals and Policies are designed to comply with Section 53312.7 of the Government Code.

The City will consider applications requesting the formation of community facilities districts and the issuance of bonds to finance eligible public facilities pursuant to the Mello-Roos Act. The City reserves the right to request any additional reports, information or studies reasonably necessary in evaluating these applications.

All City and any consultant costs incurred in evaluating applications requesting the establishment of Districts (as defined below) will be paid by the applicant(s) by advance deposit increments or as otherwise agreed in writing by the City. The City shall not incur any non-reimbursable expense for processing such applications. Expenses not chargeable to the District shall be borne by the applicant.

As a result of a judgment against the City, (i) that certain Disposition and Development Agreement for Point Molate Mixed-use Development, dated as of September 30, 2020, by and between the City and Winehaven Legacy LLC, and (iii) that certain Development Agreement, by and between the City and Winehaven Legacy LLC, dated as of October 21, 2020, the City was obligated to form a community facilities district encompassing a portion of the area formerly known as the Point Molate Naval Fuel Depot. It is the intent of the City that these Goals and Policies govern the Point Molate CFD in addition to the other Districts formed within the City.

II. DEFINITIONS

“*Account Party*” means, collectively, the owner of any land within a District or improvement area, together with land owned by any affiliate.

“*Bonds*” means bonds authorized and issued under the Mello-Roos Community Facilities Act of 1982.

“*City*” means the City of Richmond.

“*District*” means a Community Facilities District formed under the Mello-Roos Community Facilities Act of 1982, as amended.

“*Mello-Roos Act*” means the Mello-Roos Community Facilities Act of 1982, as amended.

“Point Molate CFD” means the community facilities district formed by the City that encompasses a portion of the area formerly known as the Point Molate Naval Fuel Depot and each improvement area designated therein.

“Point Molate Development Agreements” means (i) that certain Disposition and Development Agreement for Point Molate Mixed-use Development, dated as of September 30, 2020, by and between the City and Winehaven Legacy LLC and (ii) that certain Development Agreement, by and between the City and Winehaven Legacy LLC, dated as of October 21, 2020.

“Public Facilities” means improvements authorized to be constructed or acquired under the Mello-Roos Act including, but not limited to, fees for capital facilities imposed by public agencies as a condition to approval of the development encompassed by the District or as a condition to service the District.

“Value” or “Fair Market Value” means the amount of cash or its equivalent which property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of a difficulty of the other and both have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions upon uses and purposes.

III. ELIGIBLE PUBLIC FACILITIES, SERVICES AND PRIORITIES

It shall be a goal and policy of the City that Public Facilities eligible to be financed must be owned by a public agency or public utility and must have a useful life of at least five (5) years. In any event, no bonds shall be issued with a maturity date greater than the average useful life of the facilities or improvements being financed. The development proposed within a District must be consistent with the City’s general plan, if any, and must have received any required zoning or specific plan approvals.

The list of Public Facilities eligible to be financed by a District include, but are not limited to, the following:

- | | |
|--|--|
| Streets, highways and bridges | Flood control facilities |
| Street lighting | Libraries |
| Traffic signals and safety lighting | Public utilities |
| Parks | Police and fire protection facilities |
| Governmental facilities | Recreation facilities, including open space |
| Sanitary sewer facilities | Biological mitigation measures involving land acquisition, dedicating and revegetation |
| Storm drain facilities | |
| Potable and reclaimed water facilities | |

The City has final determination as to any facility’s eligibility for financing, as well as the prioritization of facilities to be included within or for the benefit of a District. The City may enter into joint

community facilities agreements with other public entities for the purpose of financing any Public Facilities.

The foregoing list of eligible Public Facilities may include facilities included as part of the City's or other public agencies' development impact fee programs to the extent permitted by the Mello-Roos Act.

When it is determined by the City that only impact fees are to be financed by a series of Bonds, the City may collect a premium of the total fees to be financed. The amount of such premium shall be determined by the City. The City may use the premium to finance Public Facilities and improvements directly benefiting and identified by the City as the most necessary to serve the specific needs of the applicable District.

Additionally, a District may finance any one or more of the types of services specified in Section 53313 of the Act. Priority for District financing shall be given to services provided by or directly benefiting the City and, if multiple services are to be financed, with no service having priority over another service; provided, however, the City has final determination as to any service's eligibility for financing. The City shall not finance services on behalf of other public agencies.

IV. CREDIT QUALITY REQUIRED OF BOND ISSUES

In evaluating a proposed Bond issuance, it shall be a goal and policy of the City that the City's independent financing consultant, special tax consultant and/or a municipal advisor has reviewed and approved the proposed issuance of the Bonds.

Unless waived by the City Council, or as it relates to privately placed debt, as provided for in Section XI below, prior to the issuance of Bonds, the following credit criteria shall be satisfied: the ratio of the value of all parcels of property subject to the special tax securing the Bonds to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the "Value-to-Lien Ratio") may not be less than five-to-one (5:1). The fair market value of the property within the District or improvement area for purposes of determining the foregoing ratio will be determined based on the appraised value of the property or the assessed value of the property based on the valuation made by an appraiser selected by the City, with a valuation date preceding the issuance of the Bonds by not more than ninety (90) days, and as described more fully in Section IX.

V. SECURITY

It shall be a goal and policy of the City to require sufficient security in connection with the development within each District. To this end:

A. Value-to-Lien Ratios and Status of Development. Unless waived by the City Council, or as it relates to privately placed debt, as provided for in Section XI below, prior to the issuance of Bonds, the following credit criteria shall be satisfied: the ratio of the aggregated total value of all parcels of property subject to the special tax securing the Bonds to the amount of outstanding community facilities district or assessment district bonds attributable to such parcels (the "Value-to-Lien Ratio") may not be less than five-to-one (5:1). The fair market value of the property within the District or improvement area for purposes of determining the foregoing ratio will be determined based on the assessed value of the property or the appraised value of the property based on the appraisal made by an appraiser selected

by the City with a valuation date within ninety (90) days of the issuance of the Bonds, as more fully described in Section VII.

B. Letter of credit requirement. Unless waived by the City Council, in cases where the aggregate maximum special taxes on taxable developed property within a CFD directly securing a CFD bond issue is less than 80% of maximum annual debt service on that bond issue, the developers or owners of the undeveloped property securing that bond issue will be required to post a letter of credit. The amount of the letter of credit shall be equal to 2 years of the maximum annual debt service on the bond issue, less 2 years of the maximum special taxes on developed taxable property securing the bond issue. Developed property shall be determined based on proof of Permit closure and/or Certificates of Occupancy. The letter of credit shall be from a bank or other financial institution rated A or better by Standard & Poor's or Moody's. The amount of the letter of credit may be reduced annually, based on the sizing formula described above.

VI. DISCLOSURE REQUIREMENTS

It shall be a goal and policy of the City to require sufficient developer disclosure and compliance with all applicable federal securities laws in connection with each District. To this end:

A. Disclosure Requirement for Developers. The applicant will be required to demonstrate, to the satisfaction of the City, that there will be full disclosure of the Mello-Roos special taxes and any other special tax, assessment, overlapping special taxes or assessment of other districts, or other liens on individual parcels to existing and future property owners, and to prospective purchasers of property including interim purchasers and sales to merchant builders (Section 53341.5 of the Government Code). In addition to all requirements of law, the City shall require the applicant to provide disclosure of such information as the City deems appropriate to the purchasers of property within the District or improvement area, with respect to the existence of the District or improvement area, maximum and/or backup special taxes to be levied within the District or improvement area, facilities to be constructed, the foreclosure process and the terms and conditions of Bond issues on behalf of the District. Such disclosure shall include home buyer notifications requiring signature prior to home purchases, as well as methods to notify subsequent home purchasers.

The land developer shall be required to disclose (a) all prior experience with CFDs in California, including subsidiaries or affiliated companies, (b) any tax delinquencies with respect to any such prior CFDs, (c) any foreclosures against their properties within such prior CFDs, and any bankruptcy filings by the land developer, including subsidiaries and affiliated companies, with respect to any such prior CFDs.

B. Compliance with Federal Securities Laws. The City shall use all reasonable means to ensure compliance with applicable federal securities laws in connection with the issuance of debt and the provision of annual information regarding any District established by the City with respect to which Bonds have been issued, including requiring any developer in a District or improvement area who is material to the Bond issue to transmit appropriate information to the City or its designee for disclosure to Bond investors.

VII. OTHER REQUIREMENTS FOR LAND DEVELOPERS

The City may make the following requirements from land developers with respect to the issuance of any bonds secured by special taxes from a CFD:

A. The land developer may be required to fund all major projects initially, and then be reimbursed in full or in part by bond proceeds through an acquisition agreement.

B. A reserve for future foreclosure and/or bankruptcy expenses related to the applicable District of at least \$100,000 shall be funded by closing on the first series of Bonds from either costs of issuance or a developer cash contribution. If no foreclosure actions or bankruptcy actions are required prior to refunding or pay off of the first series of Bonds, such reserve can be released back to the developer, if funded by the developer, or re-allocated to other purposes, if funded by costs of issuance.

C. The City may charge a fee of up to \$100,000, payable from proceeds of the bond issue, to reimburse itself for the costs of staff time and other expenses related to the issuance of bonds for a CFD.

VIII. EQUITY OF TAX ALLOCATION FORMULAS

It shall be a goal and policy of the City that the rate and method of apportionment of the special tax must be both reasonable and equitable in apportioning the costs of the Public Facilities to be financed to each of the parcels within the boundaries of the proposed District or improvement area. The City prefers that this apportionment of costs be based on the benefit that each parcel is to receive from the Public Facilities.

The rate and method of apportionment of the special tax is to provide for the administrative expenses of the proposed District or improvement area, including, but not limited to, those expenses necessary for the enrollment and collection of the special tax and Bond administration.

All property not otherwise exempted by the Mello-Roos Act or the rate and method of apportionment of special tax from taxation shall be subject to the special tax. At the time of formation of the District or improvement area, exemptions from the special tax may be given to parcels which are publicly owned, are held by a property owners' association, are used for a public purpose such as open space, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, or have insufficient value to support bonded indebtedness.

The annual special tax levy on each residential parcel developed to its final land use shall be approximately equal each year, except that a variation for administrative expenses and delinquencies will be allowed. It is further the policy of the City to comply with the provisions of Section 53321 of the Mello-Roos Act with respect to the escalation of maximum special taxes.

The maximum annual special tax, together with ad valorem property taxes, special assessments or taxes for an overlapping financing district, or any other charges, taxes, or fees payable from and secured by the property, including potential charges, taxes, or fees relating to authorized but unissued debt of public entities other than the City, in relation to the expected assessed value of each parcel upon completion of the private improvements to the parcel is of great importance to the City in evaluating the proposed financing.

It is the objective of the City that maximum special taxes or assessments on residential owner-occupied property, when taken together with *ad valorem* taxes, any other special taxes levied pursuant to the Mello-Roos Act and assessments applicable to such property, do not exceed in any year in which

bonds are issued for the applicable District or improvement area two percent (2%) of the greater of the appraised value or assessed value of such property.

In evaluating whether this objective can be met, the City will consider the aggregate public service needs for the proposed project. It will consider what public improvements the applicant is proposing to be financed in relation to these aggregate needs and decide what is an appropriate amount to extend in public financing to the identified public improvements.

This evaluation will be based on information obtained from other affected taxing entities that have jurisdiction to impose a levy on the proposed project.

The total maximum annual special taxes that can be collected from taxable property in a District or improvement area, taking into account any potential changes in land use or development density or rate, and less all projected administrative expenses, must be equal to at least one hundred ten percent (110%) of the gross annual debt service on any Bonds issued by or on behalf of the District or improvement area in each year that said Bonds will remain outstanding.

The rate and method of apportionment of the special tax may include a provision or a backup tax to protect against any changes in development that would result in insufficient special tax revenues to meet the debt service requirements of the district. Such backup tax shall be structured in such a manner that it shall not violate any provisions of the Mello-Roos Act regarding cross-collateralization limitations for residential properties.

A formula to provide for the prepayment of the special tax may be provided; however, neither the City nor the District shall be obligated to pay for the cost of determining the prepayment amount which is to be paid by the applicant.

IX. APPRAISALS

It shall be a goal and policy of the City to establish a uniform set of standards applicable to all appraisals undertaken in connection with the development of a District. To this end:

A. Definition of Appraisal. An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

B. Absorption Study and Discounted Present Value Cash Flow Analysis. Any appraisal for a CFD financed land development project with an estimated project build out schedule of more than one year shall include the following:

(1) The estimated build out period shall be based on an absorption study by an experienced consultant selected by the City and contracting with the City. The cost of the absorption study shall be paid for by the land developer.

(2) One of the bases for determining the appraised value of property within a District shall be a discounted present value cash flow analysis based on the results of the absorption study.

C. Standards of Appraisal. The format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A detailed appraisal shall be prepared for complex

appraisal problems. A detailed appraisal shall reflect nationally-recognized appraisal standards, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of the data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following items:

- (1) The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.
- (2) An adequate description of the physical characteristics of the property being appraised, location, zoning, present use, an analysis of the highest and best use.
- (3) All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. If a discounted cash flow analysis is used, it should be supported with at least one other valuation method such as a market approach using sales that are at the same stage of land development. If more than one approach is utilized, there shall be an analysis and reconciliation of approaches to value that are sufficient to support the appraiser's opinion of value.
- (4) A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source, and method of financing, and verification by a party involved in the transaction.
- (5) A statement of the value of the real property.
- (6) The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

D. Conflict of Interest. No appraiser or review appraiser shall have any interest direct or indirect in the real property being appraised for the Agency that would in any way conflict with the preparation or review of the appraisal. Compensation for making an appraisal shall not be based on the amount of the valuation.

E. Community Facilities District Appraisal Premises. The valuation of proposed community facilities districts should be based on three premises:

- (1) Raw Land Value (Premise No. 1). The total land within the project is valued "as is"
 - (a) With any existing infrastructure.
 - (b) Without proposed infrastructure being financed.
 - (c) With existing parcel configuration.
 - (d) Considering planned densities allowed by the specific plan of the project.

This is a typical type of land valuation.

- (2) Project Build-Out Value (Premise No. 2). The total land within the project is valued under projected conditions:
 - (a) With proposed infrastructure being financed completely.
 - (b) At the planned densities allowed by the specific plan.
 - (c) Land development is at the stage of being marketed to merchant builders or tentative tract maps ready to be filed.

This is a projected value based on project plans predicated on market conditions continuing as projected.

- (3) Bulk Land Value (Premise No. 3). The total land within the project is valued under projected conditions:
 - (a) With proposed infrastructure being financed completely.
 - (b) With existing parcel configuration.
 - (c) Considering planned densities allowed by the specific plan of the project.

X. POINT MOLATE COMMUNITY FACILITIES DISTRICT

To the extent the formation, levy of special taxes, issuance of bonds, or other provisions with respect to the Point Molate CFD as required pursuant to the terms of the Point Molate Development Agreements and any acquisition or other agreement executed by the City in connection the Point Molate CFD is inconsistent with these Goals and Policies, the provisions of these Goals and Policies that are inconsistent therewith are hereby waived with respect to the Point Molate CFD.

XI. PRIVATELY PLACED DEBT

If determined to be in its best interests, the City may cause the issuance of Bonds by a District on a private placement basis. City staff shall be delegated the authority to negotiate and finalize the terms of any such privately placed debt. However, the following requirements shall apply to all privately placed debt, unless otherwise waived pursuant to Section XI below:

A. Privately placed debt shall only be sold to investors who sign an Investor Letter in form and substance acceptable to the City.

B. After the issuance of any privately placed debt, such debt shall only be transferred to subsequent transferees who sign an Investor Letter in form and substance acceptable to the City.

C. Unless waived by the City Council, prior to the issuance of the privately placed debt, the following credit criteria shall be satisfied: the ratio of the aggregated total value of all parcels of property subject to the special tax securing the Bonds to the amount of outstanding

community facilities district or assessment district bonds attributable to such parcels (the “Value-to-Lien Ratio”) may not be less than two and 1/2-to-one (2.5:1).

D. No letter of credit, as described in Section V, shall be required for a private placement that otherwise meets the criteria of this section.

XII. EXCEPTIONS TO THESE POLICIES

The City may find in limited and exceptional instances that a waiver of any of the above stated policies, or portions thereof, is reasonable given identified special City benefits to be derived from such waiver. Such waivers are granted only by action of the City Council based upon specific public purpose and/or health and safety findings.

RESOLUTION NO. ____

RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA, TO ESTABLISH THE CITY OF RICHMOND COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE), AND TO DESIGNATE THREE IMPROVEMENT AREAS THEREIN, TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COST OF ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES, PROVIDE CERTAIN SERVICES AND PAY FOR CERTAIN INCIDENTAL EXPENSES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS

WHEREAS, the City of Richmond, California (the "City") is the fee title owner of 100% of the real property (the "Property") described in (i) Exhibit A-1 to that certain Disposition and Development Agreement for Point Molate Mixed-Use Development, by and between the City and Winehaven Legacy LLC, a Delaware limited liability company ("Winehaven"), dated as of September 30, 2020 (the "DDA"), and (ii) Exhibit A to that certain Development Agreement, by and between the City and Winehaven, dated as of October 21, 2020 (the "DA" and together with the DDA, the "Development Agreements"); and

WHEREAS, the Property was formerly within the boundaries of Point Molate Naval Fuel Depot ("Naval Fuel Depot") prior to its closure and was acquired from the United States, subject to conditions during base closure and is owned by the City; and

WHEREAS the Navy Fuel Depot closed in 1995 and since disposition to the City, the City has been engaged in various processes to determine how to use the land. One project proposed by the Guidiville Band of Pomo Indians and Upstream Point Molate, LLC (collectively "Upstream") included a Casino and went through environmental review in 2011 but was turned down by the voters in an advisory measure which caused the Council to decline the project and led to litigation. The lawsuit resulted in a settlement ("Amended Judgment") where the City agreed to consider other developers over a specified period by the "City Sales Deadline", the City would sell the property and split the proceeds with Upstream. If no sale occurred in that time, Upstream could purchase the property for \$400 and had four years to sell or develop the Property and in such case, it would share proceeds with the City. The City Sales Deadline where Upstream could exercise the Option to purchase is on May 21, 2022 if the City does not accomplish a sale by then; and

WHEREAS, as the DA provides that the City will cooperate with Winehaven by forming a community facilities district ("CFD") meeting certain parameters, and the DA requires the Resolution of Formation must be adopted by April 20, 2022 to meet statutory requirements and the City Sales Deadline. The Council has a meeting set for April 19, 2022. The CFD procedures require 30 days before public hearing on the Resolution of Formation, that the legislative body adopt a Resolution of Intent calling the public hearing. The date for consideration of the Resolution of Intent is set for the City Council's regular meeting of March 15, 2022; and

WHEREAS, pursuant to the terms and conditions set forth in the Development Agreements, subsequent to formation of the CFD (as defined below), the City intends to convey the Property to Winehaven which will develop the Property as set forth therein, subject to the provisions hereof; and

WHEREAS, the Development Agreements provide for the establishment of a CFD, and multiple improvement areas therein, to provide for financing of certain facilities and services described therein, but the DA clearly established that while the City would cooperate with developer in the establishment of one or more CFDs, it stated that the City will not be obligated to pay any cost related to formation or implementation of any Financing Mechanism from its General Fund (at Section 4.2 Assessment Financing); and

WHEREAS, the Resolution of Intent does not mandate that the City form the CFD, as the matter is a public hearing and the Council is entitled to consider all evidence, documentation and testimony produced at the hearing and make such decision as shall be in the City's interest; and

WHEREAS, the City Council has had numerous studies and presentations on the formation of the CFD, including on its regular agendas and at a special study session held on February 24, 2022, and has studies presented by Winehaven's financial consultant, the City's finance team, and even studies done by independent private parties—with significant conflicting information. This information has been discussed with Winehaven and led to several changes in Winehaven's proposals. Issues have included the projected costs of the infrastructure to be built, projections as to the possible value of the different housing products, what is a reasonable time to project the possible construction and sales of the units, what the values will be, what inflation cost and revenue escalations should be used, what the City's operational costs would be in operating fire and police facilities necessary to protect public health and safety, and similar issues. There have been significant differences in opinion on these and other issues; and

WHEREAS, due to the pending City Sales Deadline stemming from the Amended Judgment in the Upstream matter, the City needs to adopt a Resolution of Intent on March 15, and as such action does not compel the Council to Adopt a Resolution of Formation on the April 19 as it is a public hearing matter where evidence can be presented, the City Council can adopt the Resolution of Intent without prejudice to its ability to consider the Resolution of Formation entirely on its merits. In that vein, the City Council is free to consider all the variables in determining if the CFD as established has the potential to impact the General Fund, but also has the ability to consider other related matters such as the likelihood that Winehaven can perform its obligations under the DA, the performance to date of all provisions of the DA, Winehaven's financial sources and all other relevant information relevant to the carrying out and performance of the DA, the DDA and other obligations of Winehaven; and

WHEREAS, for all the above considerations, the City will continue to monitor and discuss with Winehaven the foregoing issues and related issues during the period up and until consideration of the Resolution of Formation and invites those in the public who are interested to look into the information which has been developed concerning the CFD and the infrastructure financing and funding of services and operations and submit their information and opinions at the hearing on April 19, 2022; and

WHEREAS, pursuant to Section 53318(a) of the Mello-Roos Community Facilities Act of 1982, as amended, commencing with Section 53311 of the Government Code (the "Act"), the City Council of the City (the "City Council") has received a written request from two of its City Councilpersons to commence proceedings to form a community facilities district with boundaries coterminous with the Property to be known as the "City of Richmond Community Facilities District No. 2022-1 (Point Molate)" (the "Community Facilities District" or "CFD No. 2022-1"), and to designate three improvement areas therein, to finance (1) the purchase, construction, expansion, improvement or rehabilitation of the facilities described in Exhibit B hereto (which

attachment is incorporated herein by this reference) (collectively, the "Facilities"), including, but not limited to, those facilities to be owned and operated by the City or utility companies, including all furnishings, equipment and supplies related thereto (collectively, the "City Facilities"), which City Facilities have a useful life of five years or longer, and those facilities described in Exhibit B hereto to be owned and operated by the East Bay Municipal Utility District ("EBMUD"), including all furnishings, equipment and supplies related thereto (collectively, the "EBMUD Facilities,"), which EBMUD Facilities have a useful life of five years or longer, (2) the services described in Exhibit B hereto (collectively the "Services") and (3) the incidental expenses to be incurred in connection with financing the Facilities and/or Services, and forming the Community Facilities District and designating the three improvement areas therein, and administering the Community Facilities District, and the three improvement areas therein (the "Incidental Expenses"); and

WHEREAS, it is the intention of the City Council to consider financing the Facilities, Services and the Incidental Expenses through the formation of the Community Facilities District, and the three improvement areas therein, and the sale of bonds (excluding the Services) in an amount not to exceed \$292,000,000, consisting of \$61,000,000 for Improvement Area No. 1 of the Community Facilities District, \$47,000,000 for Improvement Area No. 2 of the Community Facilities District and \$184,000,000 for Improvement Area No. 3 of the Community Facilities District (collectively, the "Obligations") and the levy of a special tax in each improvement area to finance Facilities directly and to pay debt service on the Obligations relating to the applicable improvement area, provided that the aggregate bond authorization and special tax levy are approved at an election to be held for each improvement area therein; and

WHEREAS, the legal descriptions for Improvement Area No. 1 of the Community Facilities District, Improvement Area No. 2 of the Community Facilities District and Improvement Area No. 3 of the Community Facilities District are included in Exhibit A hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHMOND THAT:

Section 1. Each of the above recitals is true and correct.

Section 2. Intention. The City Council declares its intention to conduct proceedings pursuant to the Act for the establishment of the Community Facilities District with the exterior boundaries coterminous with the Property, and to designate the three improvement areas therein subject to the provisions hereof and that the financing of the CFD not impact or burden the City's General Fund. It is further proposed that the boundaries of the Community Facilities District, and the three improvement areas therein, shall be as described in Exhibit A hereto. The City Clerk is hereby directed to sign the original boundary map of the Community Facilities District and record it with all proper endorsements thereon with the County Recorder of the County of Orange within 15 days after the adoption of this resolution, all as required by Section 3111 of the Streets and Highways Code of the State of California.

Until the Property is conveyed to Winehaven, the Property owned by the City that is intended to be conveyed to Winehaven will be subject to the special tax of the Community Facilities District on the same basis as private property within the Community Facilities District, and the City hereby affirmatively waives any defense based on the fact of public ownership of the Property currently owned by the City, to any action to foreclose on such Property in the event of nonpayment of the special tax imposed by the Community Facilities District.

Section 3. Name of the Community Facilities District. The name of the proposed Community Facilities District shall be “City of Richmond Community Facilities District No. 2022-1 (Point Molate).”

Section 4. Types of Facilities and Services to be Financed by the Community Facilities District. The Facilities proposed to be provided within the Community Facilities District are facilities authorized by the Act. The City is authorized by law to construct, acquire, own and operate the City Facilities and to provide the Services described in Exhibit B hereto for the benefit of the Community Facilities District. EBMUD is authorized by law to construct, acquire, own and operate the EBMUD Facilities described in Exhibit B hereto. The City Council hereby finds and determines that the description of the Facilities, Services and Incidental Expenses herein is sufficiently informative to allow taxpayers within the Community Facilities District to understand what the funds of the Community Facilities District may be used to finance, the Facilities, Services and Incidental Expenses expected to be incurred, including the cost of planning and designing the Facilities, the costs of forming the Community Facilities District, and the three improvement areas therein, issuing bonds, levying and collecting a special tax within each improvement area of the Community Facilities District and the annual administration costs of the Community Facilities District. The City Council hereby finds that the proposed Facilities and Services are necessary to meet increased demands placed upon the City and EBMUD as a result of development expected to occur in the Community Facilities District. The Facilities may be acquired from one or more of the property owners as completed facilities or may be constructed by or on behalf of the City or EBMUD and paid for with special taxes or bond proceeds. Any portion of the Facilities may be financed through a lease or lease-purchase arrangement if the City or EBMUD hereafter determines that such arrangement is of benefit to the City or EBMUD.

Section 5. Special Taxes. Except where funds are otherwise available, it is the intention of the City Council to levy annually in accordance with the procedures contained in the Act a special tax, secured by a continuing lien against all non-exempt real property in each improvement area of the Community Facilities District, sufficient to pay for the Facilities, Services and Incidental Expenses and the principal and interest and other periodic costs of Obligations issued to finance the Facilities and Incidental Expenses, including the establishment and replenishment of any reserve funds deemed necessary by the City, and any remarketing, credit enhancement and liquidity facility fees (including such fees for instruments which serve as the basis of a reserve fund in lieu of cash) of the Community Facilities District. The rate and method of apportionment for and manner of collection of the special tax in each of Improvement Area No. 1 of the Community Facilities District, Improvement Area No. 2 of the Community Facilities District and Improvement Area No. 3 of the Community Facilities District is described in detail in Exhibits C, D and E attached hereto (which attachments are incorporated herein by this reference). Exhibits C, D and E allow each landowner within the Community Facilities District to estimate the maximum amount of special taxes that may be levied annually against each parcel to be included in the applicable improvement area.

If special taxes within an improvement area of the Community Facilities District are levied against any parcel used for private residential purposes, (i) the maximum special tax rate shall not be increased except to the extent permitted in the applicable rate and method included as Exhibits C, D or E hereto, (ii) such special tax shall not be levied later than the 2081-82 Fiscal Year for the component of the special tax used to finance Facilities and Incidental Expenses and for as long as necessary to meet the special tax requirement for Services, and (iii) under no circumstances shall such special tax be increased in any fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within such

improvement area by more than ten percent (10%) above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The special tax in each improvement area is based on the cost of making the Facilities and Services available to each parcel of real property within such improvement area. The City Council hereby determines the rate and method of apportionments of the special tax set forth in Exhibits C, D and E to be reasonable. Each special tax is apportioned to each parcel on the foregoing basis pursuant to Section 53325.3 of the Act; and such special tax is not on or based upon the value of real property. In the event that a portion of the property within an improvement area shall become for any reason exempt, wholly or partially, from the levy of the special tax specified in Exhibits C, D or E, as applicable, the City Council shall, on behalf of the Community Facilities District, cause the applicable special tax levy to be increased, subject to the limitation of the maximum special tax for a parcel as set forth in Exhibits C, D or E, as applicable, to the extent necessary upon the remaining property within such improvement area which is not exempt in order to yield the special tax revenues required for the purposes described in this Section. The obligation to pay special taxes may be prepaid as provided in the rate and method of apportionment set forth in each of Exhibits C, D and E, as such rate and method may be amended hereafter.

Section 6. Public Hearing. A combined public hearing (the "Hearing") on the establishment of the Community Facilities District, and the designation of three improvement areas therein, and for each improvement area, the proposed rate and method of apportionment of the special tax and the proposed issuance of Obligations to finance the Facilities and the Incidental Expenses shall be held at 6:30 p.m., or as soon thereafter as practicable, on April 19, 2022, at the City Council's Chambers, 450 Civic Center Plaza, Richmond, California. If the City Council determines to form the Community Facilities District, and designate the three improvement areas therein, a special election will be held in each improvement area to authorize the issuance of the Obligations and the levy of the special tax in accordance with the procedures contained in Government Code Section 53326. If such election is held, the proposed voting procedure at the election will be a landowner vote with each landowner (including the City pursuant to Section 53317(f) of the Act) who is the owner of record of land within each improvement area at the close of the Hearing, or the authorized representative thereof, having one vote for each acre or portion thereof owned within such improvement area. Ballots for the special election may be distributed by mail or by personal service.

At the time and place set forth above for the Hearing, the City Council will receive testimony as to whether the Community Facilities District, and the three improvement areas therein, shall be established, whether special taxes shall be levied in accordance with the proposed rate and method of apportionment of the special tax within the applicable improvement area, and whether Obligations shall be issued within the applicable improvement area to finance Facilities and Incidental Expenses of the Community Facilities District.

At the time and place set forth above for the Hearing, any interested person, including all persons owning lands or registered to vote within each improvement area of the Community Facilities District, may appear and be heard.

Section 7. Notice. The City Clerk is hereby authorized and directed to publish a notice (the "Notice") of the Hearing pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the Community Facilities District. The Notice shall contain the text or a summary of this Resolution, the time and place of the Hearing, a statement that the testimony of all interested persons or taxpayers will be heard, a description

of the protest rights of the registered voters and landowners in each improvement area of the Community Facilities District and a description of the proposed voting procedure for the election required by the Act. Such publication shall be completed at least seven (7) days prior to the date of the Hearing.

Section 8. Reports re Facilities and Services. The Director of Public Works of the City is hereby directed to study the Community Facilities District and, at or before the time of the Hearing, file a report with the City Council containing a brief description of the facilities and services by type which will in his or her opinion be required to meet adequately the needs of the Community Facilities District and an estimate of the cost of providing those facilities and services.

Section 9. Advances of Funds. The City may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, for any authorized purpose under the Act, including, but not limited to, paying any cost incurred by the City in creating the Community Facilities District. The City may enter into an agreement with the person or entity advancing the funds or work-in-kind for the Community Facilities District, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

Section 10. Maximum Bonded Indebtedness. The reasonably expected maximum aggregate principal amount of the Obligations is Two Hundred Ninety-Two Million Dollars (\$292,000,000), consisting of Sixty-One Million Dollars (\$61,000,000) for Improvement Area No. 1 of the Community Facilities District, Forty-Seven Million Dollars (\$47,000,000) for Improvement Area No. 2 of the Community Facilities District and One Hundred Eighty-Four Million Dollars (\$184,000,000) for Improvement Area No. 3 of the Community Facilities District.

Section 11. Reservation of Rights. Except to the extent limited in any bond resolution or trust indenture related to the issuance of Obligations, the City Council hereby reserves to itself all rights and powers set forth in Section 53344.1 of the Act (relating to tenders in full or partial payment).

Section 12. Effective Date. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Richmond held on the 15th day of March, 2022.

Tom Butt,
Mayor

ATTEST:

Pamela Christian,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA) ss.
CITY OF RICHMOND)

I, _____, City Clerk and ex-officio Clerk of the City Council of the City of Richmond, California, do hereby certify that the whole number of the members of the City Council is five; that the above and foregoing Resolution No. ____ was duly and regularly passed and adopted at a regular meeting of the City Council held on the 15th day of March, 2022 by the following vote:

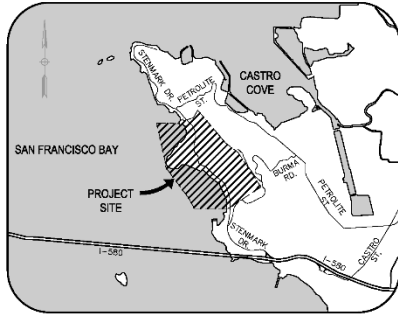
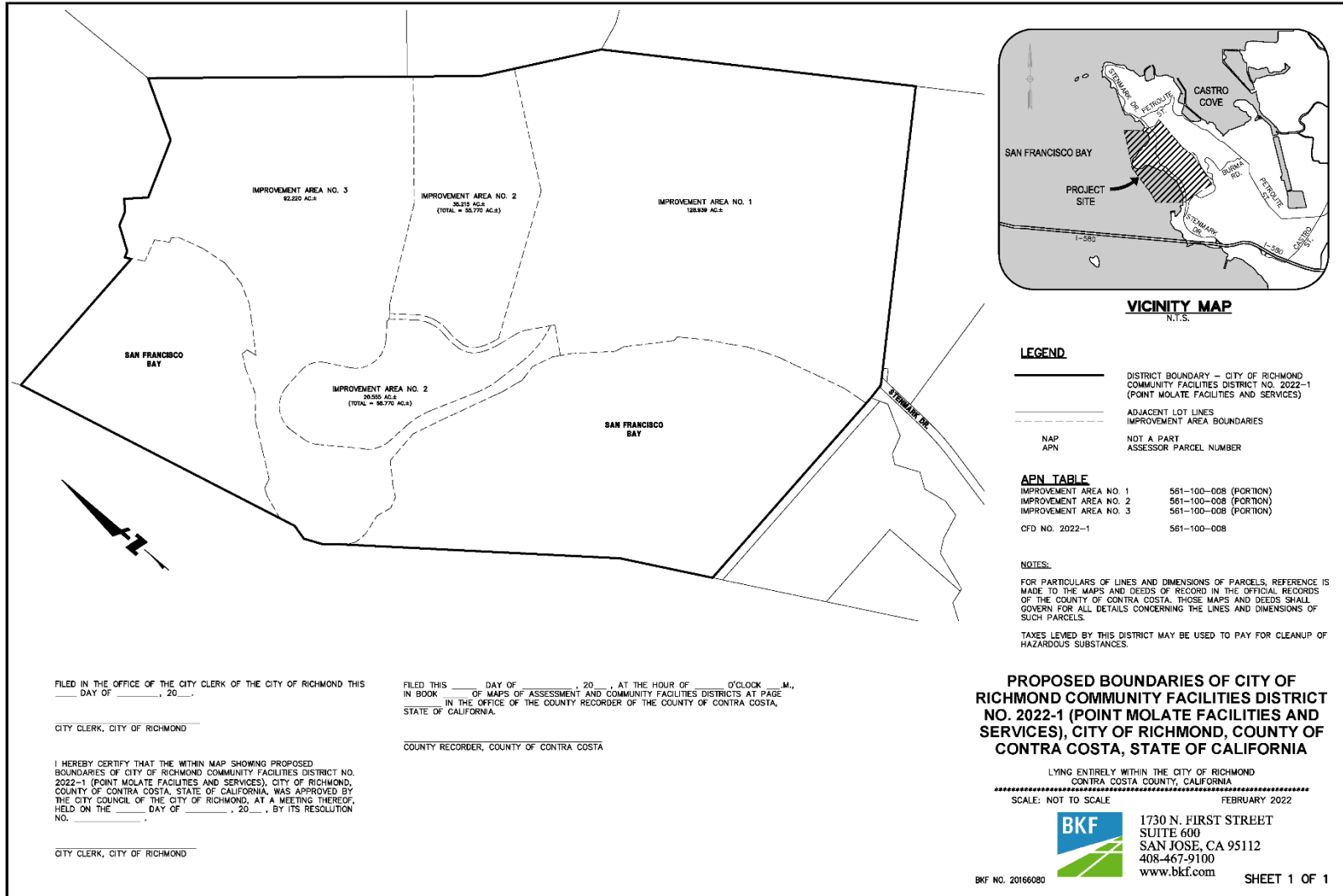
COUNCILPERSONS AYES: _____()

COUNCILPERSONS NOES: _____()

COUNCILPERSONS ABSTAINED: _____()

COUNCILPERSONS ABSENT: _____()

Pamela Christian,
City Clerk



VICINITY MAP
N.T.S.

LEGEND

- DISTRICT BOUNDARY — CITY OF RICHMOND COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE FACILITIES AND SERVICES)
- - - ADJACENT LOT LINES
- - - IMPROVEMENT AREA BOUNDARIES
- NAP NOT A PART
- APN ASSESSOR PARCEL NUMBER

APN TABLE

IMPROVEMENT AREA NO. 1	561-100-008 (PORTION)
IMPROVEMENT AREA NO. 2	561-100-008 (PORTION)
IMPROVEMENT AREA NO. 3	561-100-008 (PORTION)
CFD NO. 2022-1	561-100-008

NOTES:

FOR PARTICULARS OF LINES AND DIMENSIONS OF PARCELS, REFERENCE IS MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA. THOSE MAPS AND DEEDS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

PROPOSED BOUNDARIES OF CITY OF RICHMOND COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE FACILITIES AND SERVICES), CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA

LYING ENTIRELY WITHIN THE CITY OF RICHMOND

CONTRA COSTA COUNTY, CALIFORNIA
 SCALE: NOT TO SCALE FEBRUARY 2022



1730 N. FIRST STREET
 SUITE 600
 SAN JOSE, CA 95112
 408-467-9100
 www.bkf.com

BKF NO. 20166080

SHEET 1 OF 1

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF RICHMOND THIS _____ DAY OF _____, 20__.

CITY CLERK, CITY OF RICHMOND

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF RICHMOND COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE FACILITIES AND SERVICES), CITY OF RICHMOND, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RICHMOND, AT A MEETING THEREOF, HELD ON THE _____ DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK, CITY OF RICHMOND

FILED THIS _____ DAY OF _____, 20__, AT THE HOUR OF _____ O'CLOCK _____ M., IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA.

COUNTY RECORDER, COUNTY OF CONTRA COSTA

Boundaries of Proposed Improvement Area No. 1:

The land referred to herein is situated in the City of Richmond, Contra Costa County, State of California, and is described as follows:

Being all of Disposal Areas 4, 6 and 7, and a portion of Disposal Areas 1 and 2 as described in that certain Quitclaim Deed, recorded September 30, 2003, as Document Number 2003-0489200 (2003-0489200), Official Records of Contra Costa County, also being all of Disposal Area 5, and a portion of Disposal Area 10 as described in that certain Quitclaim Deed, recorded March 29, 2010, as Document Number 2010-0060367 (2010-0060367), Official Records of Contra Costa County, more particularly described as follows:

BEGINNING at the most easterly corner of said Disposal Area 7 (2003-0489200), at a found 6-inch concrete monument with brass pin as referenced on the Record of Survey, filed for record May 14, 1975, in Book 59 of Licensed Land Surveyor's Maps at page 10 (59 LSM 10), Contra Coast County Records;

Thence leaving said corner southwesterly along the southeasterly line thereof, South 56°35'43" West, 2,151.38 feet to an angle point on the southerly line of said Disposal Area 4 (2003-0489200);

Thence continuing along said southerly line South 87°53'09" West, 114.97 feet, to a point on the westerly line of the Exterior Boundary of the San Pablo Rancho as shown on the "Map of the San Pablo Rancho, Accompanying and Forming a Part of the Final Report of the Referees in Partition," dated September 1, 1893;

Thence continuing along said southerly boundary line South 88°42'31" East, 51.77 feet to an intersection with the Mean High-Water Line of San Francisco Bay, as described in said Documents (2003-0489200) (2010-0060367); thence along said Mean High-Water Line, the following meandered courses:

- (1) North 05°29'37" West, 62.07 feet;
- (2) North 05°48'09" West, 122.19 feet;
- (3) North 14°34'41" West, 222.25 feet;
- (4) North 15°07'37" West, 156.33 feet;
- (5) North 14°17'10" West, 132.12 feet;
- (6) North 20°05'53" West, 117.22 feet;
- (7) North 23°10'52" West, 133.84 feet;
- (8) North 31°06'20" West, 121.34 feet;
- (10) North 29°09'30" West, 164.48 feet;
- (11) North 34°19'53" West, 220.85 feet;
- (13) North 89°22'42" West, 36.28 feet;
- (14) North 47°02'43" West, 362.72 feet;
- (15) North 68°49'46" West, 67.62 feet;
- (16) North 42°53'27" West, 311.67 feet;
- (17) North 50°08'38" West, 86.20 feet;

Thence leaving said Mean High-Water Line, the following 19 courses:

- 1) North 40°03'08" East, 221.84 feet, to the beginning of a non-tangent curve to the left having a radius of 2,378.00 feet, from which the center bears South 40°20'58" West;
- 2) Along said curve, through a central angle of 00°35'41" an arc length of 24.68 feet;
- 3) North 50°14'43" West, 172.02 feet to the beginning of a tangent curve to the left having a radius of 278.00 feet;
- 4) Along said curve, through a central angle of 21°24'26" an arc length of 103.87 feet;
- 5) North 71°39'09" West, 120.24 feet to the beginning of a tangent curve to the right having a radius of 522.00 feet;
- 6) Along said curve, through a central angle of 16°22'13", an arc length of 149.14 feet to a point of compound curvature having a radius of 192.00 feet;
- 7) Along said curve, through a central angle of 50°45'30", an arc length of 170.09 feet to a point of compound curvature having a radius of 522.00 feet;
- 8) Along said curve, through a central angle of 15°30'14", an arc length of 141.25 feet to a point of reverse curvature having a radius of 278.00 feet;
- 9) Along said curve, through a central angle of 48°56'39", an arc length of 237.48 feet;
- 10) North 37°57'51" West, 187.11 feet;
- 11) North 52°02'09" East, 38.00 feet;
- 12) South 37°57'51" East, 187.11 feet to the beginning of a tangent a curve to the right having a radius of 316.00 feet;
- 13) Along said curve, through a central angle of 48°56'39", an arc length of 269.94 feet to a point of reverse curvature having a radius of 484.00 feet;
- 14) Along said curve, through a central angle of 15°30'14", an arc length of 130.97 feet to a point of compound curvature having a radius of 154.00 feet;
- 15) Along said curve, through a central angle of 50°45'30", an arc length of 136.43 feet to a point of compound curvature having a radius of 484.00 feet;
- 16) Along said curve, through a central angle of 16°22'13" an arc length of 138.29 feet;
- 17) South 71°39'09" East, 10.64 feet;
- 18) North 66°02'04" East, 1,098.28 feet;
- 19) North 37°28'32" East, 894.14 feet to a point on the easterly line of said Disposal Area 1 (2003-0489200);

Thence North 52°31'27" East 636.93 feet to the corner common to Disposal Areas 1, 6, and 7, monumented by a found 6" concrete monument with brass pin as shown on said Record of Survey (59 LSM 10);

Thence North 33°27'25" West, 2,268.16 feet to the **POINT OF BEGINNING**.

Containing an area of 128.939 acres, more or less.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 3, Epoch 2017.50, in accordance with California Public Resources Code Sections 8801-8819; said coordinates are based locally upon field-observed ties relative to California Spatial Reference Network Station p181. Distances are grid based. Divide by a combined scale factor of 0.99993778 to obtain ground distances.

Boundaries of Proposed Improvement Area No. 2:

The land referred to herein is situated in the City of Richmond, Contra Costa County, State of California, and is described as follows:

Being a portion of Disposal Areas 1 and 2, as described in that certain Quitclaim Deed, recorded September 30, 2003, as Document Number 2003-0489200 (2003-0489200), Official Records of Contra Costa County, also being a portion of Disposal Areas 3, 10, and 13 as described in that certain Quitclaim Deed, recorded March 29, 2010, as Document Number 2010-0060367 (2010-0060367), Official Records of Contra Costa County more particularly described as follows:

PARCEL 1

COMMENCING at the corner common to Disposal Areas 1, 6, and 7 (2003-0489200), at a found 6-inch concrete monument with brass pin as shown on the Record of Survey, filed for record February 12, 1985, in Book 76 of Licensed Land Surveyor's Maps at page 29 (76 LSM 29), Contra Coast County Records;

Thence northerly along the easterly line of said Disposal Area 1 (2003-0489200), North 52°31'27" West, 636.93 feet to the **POINT OF BEGINNING**;

Thence leaving said line, the following 11 courses:

- 1) South 37°28'32" West, 894.14 feet;
- 2) South 66°02'04" West, 1,098.28 feet;
- 3) North 71°39'09" West, 10.64 feet to the beginning of a tangent curve to the right with radius 484.00 feet;
- 4) Along said curve, through a central angle of 16°22'13", an arc length of 138.29 feet to point of compound curvature having a radius of 154.00 feet;
- 5) Along said curve, through a central angle of 50°45'30", an arc length of 136.43 feet to a point of compound curvature having a radius of 484.00 feet;
- 6) Along said curve, through a central angle of 15°30'14", an arc length of 130.97 feet to a point of reverse curvature having a radius of 316.00 feet;
- 7) Along said curve, through a central angle of 48°56'39", an arc length of 269.94 feet;
- 8) North 37°57'51" West, 187.11 feet to a point herein referred to as **POINT "A"**;
- 9) North 52°02'09" East, 74.90 feet;
- 10) North 63°39'26" East, 734.51 feet;
- 11) North 49°32'42" East, 907.33 feet to a point on said easterly line of Disposal Area 1 (2003-0489200);

Thence southerly along said easterly line, South 40°27'17" East, 483.42 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

Thence continuing along said line, South 52°31'27" East, 244.85 feet to the **POINT OF BEGINNING**.

Containing an area of 35.215 acres, more or less.

PARCEL 2

COMMENCING at the hereinabove mentioned **POINT "A"**,

Thence South 52°02'09" West, 38.00 feet to the **POINT OF BEGINNING**;

Thence the following 27 courses:

- 1) South 37°57'51" East, 187.11 feet to the beginning of a tangent curve to the right having a radius of 278.00 feet;
- 2) Along said curve, through a central angle of 48°56'39", an arc length of 237.48 feet to a point of reverse curvature having a radius of 522.00 feet;
- 3) Along said curve, through a center angle of 15°30'14", an arc length of 141.25 feet to a point of compound curvature having a radius of 192.00 feet;
- 4) Along said curve, through a central angle of 50°45'30", an arc length of 170.09 feet to a point of compound curvature having a radius of 522.00 feet;
- 5) Along said curve, through a central angle of 16°22'13", an arc length of 149.14 feet;
- 6) South 71°39'09" East, 120.24 feet to the beginning of a tangent curve to the right having a radius of 278.00 feet;
- 7) Along said curve, through a central angle of 21°24'26", an arc length of 103.87 feet;
- 8) South 50°14'43" East, 162.81 feet to the beginning of a non-tangent curve to the right having a radius of 10.00 feet, from which the center bears North 14°32'41" West;
- 9) Along said curve, through a central angle of 30°21'58", an arc length of 5.30 feet to a point of compound curvature having a radius of 717.00 feet;
- 10) Along said curve, through a central angle of 25°53'29", an arc length of 324.00 feet;
- 11) North 78°15'23" West, 202.54 feet to the beginning of a tangent curve to the right having a radius of 687.00 feet;
- 12) Along said curve, through a central angle of 16°36'18", an arc length of 199.10 feet;
- 13) North 61°39'04" West, 339.82 feet to the beginning of a tangent curve to the left having a radius of 613.00 feet;
- 14) Along said curve, through a central angle of 20°33'41", an arc length of 219.98 feet;
- 15) North 82°12'45" West, 152.36 feet to the beginning of a tangent curve to the right having a radius of 237.00 feet;
- 16) Along said curve, through a central angle of 47°18'32", an arc length of 195.69 feet;
- 17) North 55°05'48" East, 3.00 feet;
- 18) North 34°54'12" West, 340.90 feet to the beginning of a tangent curve to the right having a radius of 184.00 feet;
- 19) Along said curve, through a central angle of 29°49'18", an arc length of 95.77 feet;
- 20) North 05°04'54" West, 111.85 feet to the beginning of a tangent curve to the right having a radius of 214.00 feet;
- 21) Along said curve, through a central angle of 96°34'00", an arc length of 360.68 feet;

- 22) South 88°30'54" East, 151.10 feet to the beginning of a tangent curve to the right having a radius of 184.00 feet;
- 23) Along said curve, through a central angle of 60°11'38", an arc length of 193.31 feet;
- 24) South 28°19'16" East, 177.39 feet to the beginning of a tangent curve to the left having a radius of 216.00 feet;
- 25) Along said curve, through a central angle of 98°10'09", an arc length of 370.09 feet;
- 26) North 53°30'36" East, 135.52 feet;
- 27) South 81°55'00" East, 21.66 feet to the **POINT OF BEGINNING**.

Containing an area of 20.555 acres, more or less.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 3, Epoch 2017.50, in accordance with California Public Resources Code Sections 8801-8819; said coordinates are based locally upon field-observed ties relative to California Spatial Reference Network Station p181. Distances are grid based. Divide by a combined scale factor of 0.99993778 to obtain ground distances.

Boundaries of Proposed Improvement Area No. 3:

The land referred to herein is situated in the City of Richmond, Contra Costa County, State of California, and is described as follows:

Being all of Disposal Areas 11 and 12, and a portion of Disposal Areas 1 and 2, as described in that certain Quitclaim Deed, recorded September 30, 2003, as Document Number 2003-0489200 (2003-0489200), Official Records of Contra Costa County, also being all of Disposal Area 3 and a portion of Disposal Area 13, as described in that certain Quitclaim Deed, recorded March 29, 2010, as Document Number 2010-0060367 (2010-0060367), Official Records of Contra Costa County, more particularly described as follows:

COMMENCING at the corner common to Disposal Areas 1, 6, and 7 (2003-0489200), at a found 6-inch concrete monument with brass pin as shown on the Record of Survey, filed for record February 12, 1985, in Book 76 of Licensed Land Surveyor's Maps at page 29 (76 LSM 29), Contra Coast County Records;

Thence along the easterly line of said Disposal Area 1 (2003-0489200), North 52°31'27" West, 881.77 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

Thence continuing along said easterly line, North 40°27'17" West, 483.42 feet to the **POINT OF BEGINNING**;

Thence leaving said easterly line, the following 25 Courses:

- 1) South 49°32'42" West, 907.33 feet;
- 2) South 63°39'26" West, 734.51 feet;
- 3) South 52°02'09" West, 112.90 feet;
- 4) North 81°55'00" West, 21.66 feet;
- 5) South 53°30'36" West, 135.52 feet to the beginning of a tangent curve to the right having a radius of 216.00 feet;
- 6) Along said curve, through a central angle of 98°10'09", an arc length of 370.09 feet;
- 7) North 28°19'16" West, 177.39 feet to the beginning of a tangent curve to the left having a radius of 184.00 feet;
- 8) Along said curve, through a central angle of 60°11'38", an arc length of 193.31 feet;
- 9) North 88°30'54" West, 151.10 feet to the beginning of a tangent curve to the left having a radius of 214.00 feet;
- 10) Along said curve, through a central angle of 96°34'00", an arc length of 360.68 feet;
- 11) South 05°04'54" East, 111.85 feet to the beginning of a tangent curve to the left having a radius of 184.00 feet;
- 12) Along said curve, through a central angle of 29°49'18", an arc length of 95.77 feet;
- 13) South 34°54'12" East, 340.90 feet;
- 14) South 55°05'48" West, 3.00 feet to the beginning of a non-tangent curve to the left having a radius of 237.00 feet from which the center bears North 55°05'48" East;

- 15) Along said curve, through a central angle of 47°18'32", an arc length of 195.69 feet;
- 16) South 82°12'45" East, 152.36 feet to the beginning of a tangent curve to the right having a radius of 613.00 feet;
- 17) Along said curve, through a central angle of 20°33'41", an arc length of 219.98 feet;
- 18) South 61°39'04" East, 339.82 feet to the beginning of a tangent curve to the left having a radius of 687.00 feet;
- 19) Along said curve, through a central angle of 16°36'18", an arc length of 199.10 feet;
- 20) South 78°15'23" East, 202.54 feet to the beginning of a tangent curve to the left having a radius of 717.00 feet;
- 21) Along said curve, through a central angle of 25°53'29", an arc length of 324.00 feet to a point of compound curvature having a radius of 10.00 feet;
- 22) Along said curve, through a central angle of 30°21'58" an arc length of 5.30 feet;
- 23) South 50°14'43" East, 9.21 feet to the beginning of a tangent curve to the right having a radius of 2,378.00 feet;
- 24) Along said curve, through a central angle of 00°35'41", an arc length of 24.68 feet;
- 25) South 40°03'08" West, 221.83 feet to the Mean High-Water Line on the San Francisco Bay, as described in said Documents (2003-0489200) and (2010-0060367);

Thence along said Mean High-Water Line, the following meandered courses:

- 1) North 50°08'38" West, 55.49 feet;
- 2) North 65°40'23" West, 159.02 feet;
- 3) South 87°05'08" West, 81.89 feet;
- 4) North 88°40'35" East, 43.41 feet;
- 5) North 69°08'13" West, 41.08 feet;
- 6) North 70°31'40" West, 130.72 feet;
- 7) North 63°38'53" West, 63.02 feet;
- 8) North 65°08'48" West, 394.97 feet;
- 9) North 65°45'40" West, 239.27 feet;
- 10) North 89°37'59" West, 251.39 feet;
- 11) South 43°41'43" West, 176.37 feet;
- 12) South 37°41'46" West, 89.58 feet;
- 13) South 74°10'57" West, 84.01 feet;
- 14) North 69°51'46" West, 114.32 feet;
- 15) South 82°04'52" West, 150.24 feet;
- 16) North 80°48'14" West, 89.92 feet;
- 17) North 55°02'10" West, 72.77 feet;
- 18) North 37°14'14" West, 75.87 feet;
- 19) North 40°46'35" West, 92.69 feet;
- 20) North 23°46'35" West, 141.02 feet;
- 21) North 14°13'25" East, 112.55 feet;
- 22) North 12°54'43" West, 120.25 feet;
- 23) North 20°19'07" East, 184.59 feet;
- 24) North 31°36'12" East, 56.23 feet;
- 25) North 76°07'01" East, 74.51 feet;
- 26) North 36°37'57" East, 423.76 feet;

- 27) North 48°37'33" East, 202.39 feet;
- 28) North 28°47'25" East, 184.87 feet;
- 29) North 37°00'56" East, 110.11 feet;
- 30) South 78°46'11" East, 44.55 feet;
- 31) South 09°20'11" East, 73.63 feet;
- 32) North 42°49'56" East, 247.64 feet;
- 33) North 41°28'20" East, 125.88 feet;
- 34) North 28°14'49" East, 152.33 feet;
- 35) North 11°26' 02" East, 185.60 feet;
- 36) North 06°29'48" West, 193.39 feet;
- 37) North 15°39'08" West, 190.81 feet;
- 38) North 43°11'00" West, 50.36 feet;
- 39) South 67°31'03" West, 34.66 feet;
- 40) North 31°52'36" West, 111.69 feet;
- 41) South 74°18'01" West, 165.85 feet;
- 42) North 27°56'02" West, 140.61 feet;
- 43) North 29°31'13" East, 7.90 feet;

Thence leaving said mean high water line, easterly along the northerly line of said Disposal Areas 1, 2, and 12 (2003-048200), the following 7 courses:

- 1) North 71°12'58" East, 37.51 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);
- 2) North 33°13'32" East, 192.59 feet to a found 6-inch concrete monument with brass pin as shown on the said Record of Survey (76 LSM 29);
- 3) North 71°40'49" East, 104.55 feet;
- 4) North 46°25'17" East, 91.49 feet;
- 5) South 43°32'17" East, 172.14 feet;
- 6) North 71°22'13" East, 440.41 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);
- 7) North 29°53'00" East, 471.52 feet to the most northerly corner, monumented by a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

Thence South 40°27'17" East, 1,900.32 feet to the **POINT OF BEGINNING**.

Containing an area of 92.221 acres, more or less.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 3, Epoch 2017.50, in accordance with California Public Resources Code Sections 8801-8819; said coordinates are based locally upon field-observed ties relative to California Spatial Reference Network Station p181. Distances are grid based. Divide by a combined scale factor of 0.99993778 to obtain ground distances.

EXHIBIT B

DESCRIPTION OF THE FACILITIES, SERVICES AND INCIDENTAL EXPENSES

TYPES OF FACILITIES

CFD No. 2022-1, on behalf of itself and each improvement area thereof, is hereby authorized to finance the costs of the purchase, construction, expansion, improvement, or rehabilitation of facilities permitted under the Mello-Roos Act from the proceeds of special taxes and bonds issued by CFD No. 2022-1, including, without limitation:

CITY FACILITIES

The types of City Facilities that are proposed to be financed by CFD No. 2022-1 with the proceeds of special taxes and bonds issued by CFD No. 2022-1 consist of backbone infrastructure needed for new and existing development (both within the project limits as well as offsite improvements), such as roadway, bridge, sewer, dry utilities, storm drain, sea wall, street and parkway landscaping, curb and gutter, medians, median landscaping, traffic signals, entry signage, parks, trails, police facilities, fire facilities, and appurtenances and appurtenant work.

The description of City Facilities is general in nature. The final nature and location of the City Facilities will be determined upon preparation of final plans and specifications. Addition, deletion or modification of descriptions of the City Facilities may be made consistent with the requirements of the City Council of the City, CFD No. 2022-1 and the Act.

EAST BAY MUNICIPAL UTILITIES DISTRICT ("EBMUD") FACILITIES

The proposed EBMUD Facilities include the construction, purchase, modification, expansion, improvement and/or rehabilitation of public facilities to be owned and operated by EBMUD including, without limitation, water system facilities and acquisition of water system capacity.

The EBMUD Facilities listed herein are representative of the types of facilities authorized to be financed by CFD No. 2022-1. Detailed scope and limits of specific projects will be determined as appropriate, consistent with the standards of the EBMUD. Addition, deletion or modification of descriptions of the EBMUD Facilities may be made consistent with the requirements of the governing board of the EBMUD, CFD No. 2022-1 and the Act. The Facilities are necessary for CFD No. 2022-1 (and each improvement area thereof) and are generally intended to comply with the requirements of the City.

The description of Facilities is general in nature. The final nature and location of the Facilities will be determined upon preparation of final plans and specifications.

Any Facility authorized to be financed by CFD No. 2022-1 may be financed through the construction and acquisition of the Facility or through the payment of fees for such Facility.

The Facilities constructed or acquired may be located within or outside CFD No. 2022-1.

The Facilities to be financed shall include all hard and soft costs associated with the Facilities, including the costs of the acquisition of land and rights-of-way, the costs of design,

engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils testing, permits, plan check, and inspection fees, insurance, legal and related overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing as may be further defined in one or more acquisition agreements with the developer of the property in CFD No. 2022-1.

TYPES OF SERVICES

The types of Services that are proposed to be provided by CFD No. 2022-1 and funded with the proceeds of special taxes levied by CFD No. 2022-1 consist of services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, police and fire protection, ambulance and paramedic services, street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems. All of the services to be financed must be in addition to those provided within the boundaries of CFD No. 2022-1 before CFD No. 2022-1 is created, and shall not supplant services already available within that territory when CFD No. 2022-1 is created.

TYPES OF INCIDENTAL EXPENSES

The Incidental Expenses to be paid from bond proceeds and/or special taxes include:

All costs associated with the creation of CFD No. 2022-1, the issuance of the Obligations, the determination of the amount of special taxes to be levied, costs incurred in order to carry out the authorized purposes of CFD No. 2022-1, including legal fees, fees of consultants, engineering, planning, designing and the annual costs to administer CFD No. 2022-1 and any Obligations.

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
THE CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(POINT MOLATE)
IMPROVEMENT AREA NO. 1

Rate and Method of Apportionment of Special Tax

City of Richmond Community Facilities District No. 2022-1 (Point Molate) Improvement Area No. 1

A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries of Improvement Area No. 1 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (“CFD No. 2022-1 IA 1”) and collected each Fiscal Year commencing in Fiscal Year 2022-23, in an amount determined by the CFD Administrator through the application of the procedures described below. All the real property within CFD No. 2022-1 IA 1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acquisition Agreement**” means that Acquisition Agreement relating to CFD No. 2022-1 (and all improvement areas designated therein) by and between the City and the Developer.

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the actual or reasonably estimated costs related to the administration of CFD No. 2022-1 IA 1 including, but not limited to: the costs of preparing and computing the Special Taxes (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1 IA1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2022-1 IA 1, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2022-1 IA 1, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2022-1 IA 1, or any designee thereof related to an appeal of the Special Taxes; and the City’s annual administration

fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1 IA 1 for any other administrative purposes of CFD No. 2022-1 IA 1, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property exclusive of Provisional Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Taxes are being levied, and (ii) that have not been issued a Building Permit on or prior to the May 1st preceding the Fiscal Year in which the Special Taxes are being levied.

"Assessor" means the Assessor of the County of Contra Costa.

"Assessor's Parcel" means a lot, unit, or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax A" means the Special Tax of that name described in Section C.1 below.

"Authorized Facilities" means those facilities and capital fees that are authorized to be financed by CFD No. 2022-1 IA 1.

"Backup Special Tax A" means the Special Tax of that name described in Section C.2 below.

"Base Year" means the Fiscal Year beginning July 1, 2022 and ending June 30, 2023.

"Bonds" means any bonds or other Debt of CFD No. 2022-1 IA 1, whether in one or more series, secured by the levy of Special Taxes.

"Boundary Map" means the map of the boundaries of CFD No. 2022-1 IA 1 recorded in the Contra Costa County Recorder's Office.

"Building Permit" means a building permit for construction of a Residential Unit or Non-Residential Property within CFD No. 2022-1 IA 1 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such structure and/or by reference to appropriate records kept by the City.

"Calendar Year" means the period commencing January 1st of any year and ending the following December 31.

"CFD Administrator" means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Special Tax roll and/or calculating the Backup Special Tax A.

“CFD No. 2022-1” means the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“CFD No. 2022-1 IA 1” means Improvement Area No. 1 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“City” means the City of Richmond, California.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics for the San Francisco-Oakland-Hayward, CA area in the December preceding the Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the original index.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2022-1 IA 1 under the Act.

“County” means the County of Contra Costa, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1st of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1st of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved Property, provided that the levy of the Special Taxes on such Assessor’s Parcel after such reclassification does not cause the total Special Tax A authorized to be collected within CFD No. 2022-1 IA 1 to be less than 1.1 times the annual Debt Service plus Administrative Expenses, on all Outstanding Bonds for any future Fiscal Year. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Approved Property.

“Developer” means Winehaven Legacy LLC and its successors, if any, acting as the developer of the property in CFD No. 2022-1 IA 1.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section I below.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that

creates individual lots or units for which Building Permits may be issued without further subdivision.

“Fiscal Deficit” means, for any Fiscal Year, the amount determined by the City’s designated consultant to be the actual negative fiscal impact to the City’s general fund that the project associated with CFD No. 2022-1 when applying the methodology detailed in the Peer Review of Winehaven Prepared Fiscal Impact Analysis for Proposed Point Molate Mixed-Use Development Project prepared by Bay Area Economics in June 2020 for the City and using the actual sales data as of August 1 of such Fiscal Year. If the actual sales data for Assessor’s Parcels within CFD No. 2022-1 IA 1 is not available at the time the report is prepared, assessed values on the latest secured roll prepared by the County will be used.

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

“For-Rent Affordable Residential Property” means Residential Property consisting of Residential Units that are available for rental by moderate-, low-, very low- or extremely low-income persons, not for sale to an end user, under common management, and subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for affordable housing.

“For-Rent Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other available for rental by the general public, not for sale to an end user, and under common management.

“For-Rent Mid-Rise Apartment Property” means Residential Property that consists of a multi-family building or buildings on a single or conjoined multiple parcels where there are typically 3 to 7 stories of housing available for rental by the general public, not for sale to an end user, and under common management.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section C below.

“Lot” means an Assessor’s Parcel created by a Final Map on which one or more Residential Units can be constructed.

“Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other and offered for sale to the public.

“Maximum Special Tax A” means for each Assessor’s Parcel, the Maximum Special Tax A, determined in accordance with Sections C.3 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means for each Assessor’s Parcel, the maximum Special Tax B, determined in accordance with Section C.1 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Mid-Rise Condominium Property” means Residential Property that consists of a building or complex of buildings containing a number of individually owned apartments in buildings 3 to 7 stories that are for-sale but share common spaces, amenities, parking areas, utility and maintenance areas, and the property’s grounds.

“Mixed-Use Non-Residential Property” means Non-Residential Property that resides within a shared building or complex of buildings which provide more than one use or purpose on the same lot and may include any combination of office, retail, institutional, recreational, other commercial or industrial uses.

“Neighborhood Retail Property” means Non-Residential Property not classified as Mixed-Use Non-Residential Property.

“Non-Residential Property” means all Assessor’s Parcels for which a building permit has been issued prior to May 1st of the previous Fiscal Year for the purpose of constructing one or more non-residential units or facilities.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Prepayment Amount” means the amount required to prepay the Special Tax A Obligation in full for an Assessor’s Parcel as described in Section 6.A below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2022-1 IA 1 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or **“Proportionate”** means for Developed Property and Special Tax A, that the ratio of the actual Special Tax A levy to the applicable Assigned Special Tax A, Maximum Special Tax A is equal for all Assessor’s Parcels of Developed Property. For Developed Property and Special Tax B, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is equal for all Assessor’s Parcels of Developed Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax A, “Proportionately” means that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property or Provisional Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax B, “Proportionately” means that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property, or Provisional Property. “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section C below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Non-Residential Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section I but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section I.

“Public Property” means any property within the boundaries of CFD No. 2022-1 IA 1, which is owned by, or irrevocably offered for dedication to the federal government, the State of

California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment of Special Tax applicable to the property shown on the Boundary Map of CFD No. 2022-1 IA 1.

“Remainder Taxes” means the amount of the annual Special Tax A levy that is not needed to pay for items (i), (ii), (iii), (iv), and (vi) of the definition of the Special Tax Requirement for Facilities.

“Remainder Taxes Priority” means that the Remainder Taxes shall be applied as follows and in the following order of priority: (i) to the reimbursement of, or payment to, the Developer for Authorized Facilities in a cumulative amount of \$15,000,000, as set forth in the Acquisition Agreement; and (ii) to the financing of Authorized Facilities not included in subsection (i).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Single Family Residential Property” means Residential Property not classified as For-Rent Affordable Property, For-Rent Low-Rise Apartment/Townhome Property, For-Rent Mid-Rise Apartment Property, Low-Rise Apartment/Townhome Property or Mid-Rise Condominium Property.

“Special Tax” or **“Special Taxes”** means any special tax levied within CFD No. 2022-1 IA 1 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax A” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 1 to fund the Special Tax Requirement for Facilities.

“Special Tax A Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2022-1 IA 1.

“Special Tax B” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 1 to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay a proportionate share of Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds provided that such amounts have not been included in a prior Fiscal Year’s levy; (v) accumulate funds to pay directly for acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Approved Property, Undeveloped Property, or Provisional Property; and (vi) pay for reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special Taxes levied

in the previous Fiscal Year on property in CFD No. 2022-1 IA 1; less (vii) a credit for funds available to reduce the Special Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year to: (i) pay directly for services in the Calendar Year commencing in such Fiscal Year provided that the amount does not result in a Special Tax B levy on Approved Property and Undeveloped Property that exceeds the Fiscal Deficit for such Fiscal Year; (ii) pay a proportionate share of Administrative Expenses; (iii) pay for reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax B levied in the previous Fiscal Year on property in CFD No. 2022-1 IA 1; less (iv) a credit for funds available to reduce the Special Tax B levy, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1 IA 1, which are not exempt from the levy of the Special Taxes pursuant to law or Section I below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property or Provisional Property.

B. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2022-23, each Assessor’s Parcel within CFD No. 2022-1 IA 1 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Furthermore, each Assessor’s Parcel of Developed Property shall be assigned to a Land Use Class and land use type based on its Building Square Footage, as applicable.

C. SPECIAL TAX RATES

1. Assigned Special Tax A and Maximum Special Tax B for Developed Property

The Assigned Special Tax A and Maximum Special Tax B applicable to an Assessor’s Parcel classified as Developed Property for the Base Year shall be determined pursuant to Table 1 below.

**Table 1
Base Year Assigned Special Tax A and Maximum Special Tax B
(Fiscal Year 2022-23)**

Land Use Class	Land Use Type	Assigned Special Tax A	Maximum Special Tax B
1	Single Family Residential Property	\$8,841 per Residential Unit	\$1,100 per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$6,364 per Residential Unit	\$770 per Residential Unit
3	Mid-Rise Condominium Property	\$6,771 per Residential Unit	\$660 per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$1,048 per Residential Unit	\$550 per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$1,497 per Residential Unit	\$440 per Residential Unit
6	For-Rent Affordable Residential Property	\$1,248 per Residential Unit	\$330 per Residential Unit
7	Mixed-Use Non-Residential Property	\$1.00 per Square Foot	\$1.00 per Square Foot
8	Neighborhood Retail Property	\$1.00 per Square Foot	\$0.63 per Square Foot

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A in Table 1 above shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B in Table 1 above shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

2. Backup Special Tax A for Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for High-Density Residential Property shall be equal to the Assigned Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as High-Density Residential Property, within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2022-23 or such later Fiscal Year in which such Final Map is created, subject to increases as described below.

(a) Calculation of the Backup Special Tax A

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B** = Backup Special Tax A per Lot for the applicable Final Map
- U** = Assigned Special Tax A per Acre of Approved Property or Undeveloped Property for the Fiscal Year the calculation is performed
- A** = Acreage of Taxable Property expected to exist within such Final Map at the time of calculation, as determined by the CFD Administrator
- L** = Number of Lots within the applicable Final Map at the time of calculation

Notwithstanding the foregoing, the Backup Special Tax A for a parcel of Developed Property for which a Certificate of Occupancy has been provided may not be changed.

(b) Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Special Tax A for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- (i) Determine the total Backup Special Tax A revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- (ii) The result of paragraph (a) above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- (iii) The result of paragraph b above shall be divided by 43,560. The result is the Backup Special Tax A per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

(c) Increase in the Backup Special Tax A

Each July 1, commencing the July 1 following the initial calculation of the Backup Special Tax A for Developed Property within a Final Map, the Backup Special Tax A for each Lot within such Final Map shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

3. Maximum Special Tax A for Developed Property

The Maximum Special Tax A for Developed Property shall be the greater of the Assigned Special Tax A for Developed Property or the Backup Special Tax A for Developed Property.

4. Maximum Special Tax A and Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property

The Base Year Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property shall be \$147,073 per Acre.

The Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$121,815 per Acre. In the first Fiscal Year in which the Fiscal Deficit has been determined to be less than or equal to zero, the Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$0 per Acre in that Fiscal Year and each Fiscal Year thereafter.

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax A rate for Provisional Property, Approved Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

D. METHOD OF APPORTIONMENT

1. Special Tax A

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: (a) Through Fiscal Year 2071-72, the Special Tax A shall be levied at the applicable Assigned Special Tax A on each Assessor's Parcel of Developed Property. Any Remainder Taxes shall be applied as set forth in the Remainder Taxes Priority.

(b) After Fiscal Year 2071-72, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A until the Special Tax Requirement for Facilities is met.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax A for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax A shall be levied

Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax A for Undeveloped Property.

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property up to 100% of the Maximum Special Tax A for Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax A for Provisional Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax A levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax A levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax A rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax A rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

Notwithstanding the above, under no circumstances will the Special Tax A levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax A applicable to any other Assessor's Parcel within CFD No. 2022-1 IA1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

2. Special Tax B

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied

Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax B for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax B for Undeveloped Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax B levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax B for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax B levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax B rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax B on the Taxable Property in such Assessor's Parcel not subject to the Special Tax B levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax B rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

E. COLLECTION OF SPECIAL TAXES

Collection of the Special Taxes shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Taxes shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Taxes, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. PREPAYMENT OF SPECIAL TAX A OBLIGATION

The following definition applies to this Section F:

"CFD Public Facilities Costs" means \$31 million or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be financed under the Act and financing program for CFD No. 2022-1 IA 1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds) in CFD No. 2022-1 IA 1.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund or from Special Tax A to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund or other fund holding Special Tax A that is available to finance the CFD Public Facilities Costs, and (iii) monies currently on deposit in an escrow or other designated fund of CFD No. 2022-1 IA 1 that are expected to be available to finance CFD Public Facilities Costs. The amount of Future Facilities Costs may not be less than \$0.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax A prepayments.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

1. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The Special Tax B obligation may not be prepaid.

The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property, Approved Property, or Undeveloped Property that has been included in a Final Map may be prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for Outstanding Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel as though all Assessor’s Parcels of Taxable Property within CFD No. 2022-1 IA 1 have been built out. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax A for the Assessor’s Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the estimated total amount of Special Tax A that could be levied at build out of all Assessor’s Parcels of Taxable Property based on the applicable Maximum Special Tax A for all such Assessor’s Parcels of Taxable Property not including any Parcels for which the Special Tax A Obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor’s Parcel (the “Future Facilities Amount”).
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax A prepayments.

9. Determine the Special Tax A amount levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit and the Capitalized Interest Credit.

16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2022-1 IA 1.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Outstanding Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Outstanding Bonds to be used with the next prepayment of Outstanding Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax A Obligation is prepaid

in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax A and the release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax A shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

2. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property, Approved Property, or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1; except that a "Partial Prepayment Amount" shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A$$

The terms above have the following meanings:

PP = The Partial Prepayment Amount

PE = The Prepayment Amount calculated according to Section F.1

F = The percentage of the Special Tax A Obligation that the owner of the Assessor's Parcel(s) is partially prepaying

A = The Prepayment Administrative Fees and Expenses from Section F.1

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax A Obligation, (ii) the percentage by which the Special Tax A Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax A Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of CFD No. 2022-1 IA1 that there has been a partial prepayment of the Special Tax A Obligation and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

The Special Tax B may not be prepaid.

G. SPECIAL TAX REDUCTION

The following definitions apply to this Section G:

“Base Price” means, with respect to the Residential Units in each Plan Type as of the date of the applicable Price Point Study, the base price of such Residential Units as estimated by the Price Point Consultant, excluding potential appreciation, premiums, options, or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

“Plan Type” means a discrete residential plan type, generally consisting of Residential Units that share a common product type (e.g. detached, attached or cluster) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1 IA 1, as identified in the Price Point Study.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2022-1 IA 1 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts; (b) is well-versed in analyzing economic and real estate data that relate to the pricing of Residential Units in community facilities districts; (c) is independent and not under the control of CFD No. 2022-1 IA 1, the City, or the developer; (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1 IA 1, the City, any owner of real property within CFD No. 2022-1 IA 1, or any real property in CFD No. 2022-1 IA 1; and (e) is not connected with CFD No. 2022-1 IA 1 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1 IA 1 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study which (a) has been prepared by the Price Point Consultant; (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1 IA 1; (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type; (d) sets forth estimates of the Base Price for each Plan Type; and (e) uses a date for estimating such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator, pursuant to this Section G.

“Total Effective Tax Rate” means, for a Plan Type, the Total Tax Burden for such Plan Type divided by the Base Price for such Plan Type, converted to a percentage.

“Total Effective Tax Rate Limit” means 2.00%.

“Total Tax Burden” means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax, estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Residential Units of such Plan Type in CFD No. 2022-1 IA 1 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had they been subject to such levies (excluding homeowners’ association dues and Property Assessed Clean Energy (PACE) charges imposed pursuant to AB 811 or SB 555).

Prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 1, the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 1 for evaluating the Special Tax A:

1. At least 30 days prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 1, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1 IA 1.
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 1, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit, then there shall be no change in Special Tax A rate for such Land Use Class in CFD No. 2022-1 IA 1.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax A rate that does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit and assign the revised Assigned Special Tax A rate to the Land Use Class.
4. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall calculate a revised Backup Special Tax A rate for each applicable Final Map within CFD No. 2022-1 IA 1. The revised Backup Special Tax A for each applicable Final Map shall be an amount (rounded to the nearest whole dollar) calculated pursuant to the formula below:

$$\mathbf{RBST} = \mathbf{BST} \times \left(1 + \frac{\mathbf{RAST} - \mathbf{AST}}{\mathbf{AST}} \right)$$

The terms above have the following meanings:

RBST = Revised Backup Special Tax A

BST = The Backup Special Tax A for the Final Map, as set forth in Section C.2.

RAST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD No. 2022-1 IA 1, including any reduced Assigned Special Tax A amounts resulting from the calculations in Step 3b above.

AST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD NO. 2022-1 IA 1 based on the Assigned Special Tax A rates in effect prior to the reduction, pursuant to steps 3a and 3b.

5. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to

Amend the Special Tax for CFD No. 2022-1 IA 1. The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Class as calculated pursuant to step 3b, or (ii) the Assigned Special Tax A as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3a; as well as either (i) the revised Backup Special Tax A as calculated pursuant to Step 4, or (ii) the Backup Special Tax A as identified in Section C.2 that was not revised as determined pursuant to step 4 above.

6. If the anticipated date of issuance for the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1 IA 1 shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Class and the Backup Special Tax shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1 IA 1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
7. After the execution by CFD No. 2022-1 IA 1 of the acknowledgment on the Certificate to Amend the Special Tax, CFD No. 2022-1 IA 1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1 IA 1 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2022-1 IA 1 set forth in such Certificate to Amend the Special Tax.
8. If the Assigned Special Tax A is not required to be changed for any Land Use Class based on the calculations performed under Step 3 above, there shall be no reduction in the Assigned Special Tax A or Backup Special Tax A, and no Certificate to Amend the Special Tax shall be required.

H. TERM OF SPECIAL TAX

The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for Facilities for a period not to exceed sixty (60) Fiscal Years commencing with Fiscal Year 2022-23, provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on all Outstanding Bonds have been paid.

The Special Tax B shall be levied in perpetuity as necessary to satisfy the Special Tax Requirement for Services.

I. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which

are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, and (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement as determined reasonably by the CFD Administrator, provided that no such classification in (i) through (iv), inclusive, would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 1 to less than 14.11 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 1 to less than 14.11 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2022-1 IA 1 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section I above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

J. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- (ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- (iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the Council. Upon the receipt of such notice, the Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

K. INTERPRETATIONS

The Council or designee thereof shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the Council or designee shall be final.

EXHIBIT A
CERTIFICATE TO AMEND THE SPECIAL TAX
CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE)
IMPROVEMENT AREA NO. 1
TAX REDUCTION CERTIFICATE

1. Pursuant to Section G of the Rate and Method of Apportionment for Improvement Area No. 1 of City of Richmond Community Facilities District No. 2022-1 (Point Molate) (the “RMA”), as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Contra Costa as Instrument No. _____ on __/__/____, the City of Richmond (the “City”) hereby reduces the Assigned Special Tax A rates for Developed Property within CFD No. 2022-1 IA 1 set forth in Table 1 of the RMA.
2. The calculations made pursuant to Section G were based upon a Price Point Study that was received by the CFD Administrator on __/__/____.
3. The Information in Table 1 relating to the Assigned Special Tax A for Developed Property within CFD No. 2022-1 IA 1 shall be amended and restated as shown in Table A-1 below:

Land Use Class	Land Use Type	Assigned Special Tax A
1	Single Family Residential Property	\$[] per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
3	Mid-Rise Condominium Property	\$[] per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$[] per Residential Unit
6	For-Rent Affordable Residential Property	\$[] per Residential Unit
7	Mixed-Use Non-Residential Property	\$[] per Square Foot
8	Neighborhood Retail Property	\$[] per Square Foot

4. The Backup Special Tax A for an Assessor’s Parcel of Developed Property shall equal \$[] per Acre for each Final Map as shown in Table A-2 below:
5. On each July 1, commencing on July 1, _____, the Assigned Special Tax A rates in Table A-1 and the Backup Special Tax A rates in 4 above shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.
6. Upon execution of the certificate by the City and CFD No. 2022-1 IA 1, the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1 IA 1 to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: _____

Date: _____

By execution hereof, the undersigned acknowledges on behalf of CFD No. 2022-1 IA 1, receipt of this certificate and modification of the RMA as set forth in this certificate.

Improvement Area No. 1 of City of Richmond Community Facilities District No. 2022-1 (Point Molate).

By: _____

Date: _____

EXHIBIT D

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
THE CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(POINT MOLATE)
IMPROVEMENT AREA NO. 2

Rate and Method of Apportionment of Special Tax

City of Richmond Community Facilities District No. 2022-1 (Point Molate) Improvement Area No. 2

A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries of Improvement Area No. 2 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (“CFD No. 2022-1 IA 2”) and collected each Fiscal Year commencing in Fiscal Year 2022-23, in an amount determined by the CFD Administrator through the application of the procedures described below. All the real property within CFD No. 2022-1 IA 2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acquisition Agreement**” means that Acquisition Agreement relating to CFD No. 2022-1 (and all improvement areas designated therein) by and between the City and the Developer.

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the actual or reasonably estimated costs related to the administration of CFD No. 2022-1 IA 2 including, but not limited to: the costs of preparing and computing the Special Taxes (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1 IA1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2022-1 IA 2, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2022-1 IA 2, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2022-1 IA 2, or any designee thereof related to an appeal of the Special Taxes; and the City’s annual administration

fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1 IA 2 for any other administrative purposes of CFD No. 2022-1 IA 2, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property exclusive of Provisional Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Taxes are being levied, and (ii) that have not been issued a Building Permit on or prior to the May 1st preceding the Fiscal Year in which the Special Taxes are being levied.

"Assessor" means the Assessor of the County of Contra Costa.

"Assessor's Parcel" means a lot, unit, or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax A" means the Special Tax of that name described in Section C.1 below.

"Authorized Facilities" means those facilities and capital fees that are authorized to be financed by CFD No. 2022-1 IA 2.

"Backup Special Tax A" means the Special Tax of that name described in Section C.2 below.

"Base Year" means the Fiscal Year beginning July 1, 2022 and ending June 30, 2023.

"Bonds" means any bonds or other Debt of CFD No. 2022-1 IA 2, whether in one or more series, secured by the levy of Special Taxes.

"Boundary Map" means the map of the boundaries of CFD No. 2022-1 IA 2 recorded in the Contra Costa County Recorder's Office.

"Building Permit" means a building permit for construction of a Residential Unit or Non-Residential Property within CFD No. 2022-1 IA 2 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such structure and/or by reference to appropriate records kept by the City.

"Calendar Year" means the period commencing January 1st of any year and ending the following December 31.

"CFD Administrator" means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Special Tax roll and/or calculating the Backup Special Tax A.

“CFD No. 2022-1” means the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“CFD No. 2022-1 IA 2” means Improvement Area No. 2 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“City” means the City of Richmond, California.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics for the San Francisco-Oakland-Hayward, CA area in the December preceding the Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the original index.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2022-1 IA 2 under the Act.

“County” means the County of Contra Costa, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1st of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1st of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved Property, provided that the levy of the Special Taxes on such Assessor’s Parcel after such reclassification does not cause the total Special Tax A authorized to be collected within CFD No. 2022-1 IA 2 to be less than 1.1 times the annual Debt Service plus Administrative Expenses, on all Outstanding Bonds for any future Fiscal Year. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Approved Property.

“Developer” means Winehaven Legacy LLC and its successors, if any, acting as the developer of the property in CFD No. 2022-1 IA 2.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section I below.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that

creates individual lots or units for which Building Permits may be issued without further subdivision.

“Fiscal Deficit” means, for any Fiscal Year, the amount determined by the City’s designated consultant to be the actual negative fiscal impact to the City’s general fund that the project associated with CFD No. 2022-1 when applying the methodology detailed in the Peer Review of Winehaven Prepared Fiscal Impact Analysis for Proposed Point Molate Mixed-Use Development Project prepared by Bay Area Economics in June 2020 for the City and using the actual sales data as of August 1 of such Fiscal Year. If the actual sales data for Assessor’s Parcels within CFD No. 2022-1 IA 2 is not available at the time the report is prepared, assessed values on the latest secured roll prepared by the County will be used.

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

“For-Rent Affordable Residential Property” means Residential Property consisting of Residential Units that are available for rental by moderate-, low-, very low- or extremely low-income persons, not for sale to an end user, under common management, and subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for affordable housing.

“For-Rent Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other available for rental by the general public, not for sale to an end user, and under common management.

“For-Rent Mid-Rise Apartment Property” means Residential Property that consists of a multi-family building or buildings on a single or conjoined multiple parcels where there are typically 3 to 7 stories of housing available for rental by the general public, not for sale to an end user, and under common management.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section C below.

“Lot” means an Assessor’s Parcel created by a Final Map on which one or more Residential Units can be constructed.

“Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other and offered for sale to the public.

“Maximum Special Tax A” means for each Assessor’s Parcel, the Maximum Special Tax A, determined in accordance with Sections C.3 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means for each Assessor’s Parcel, the maximum Special Tax B, determined in accordance with Section C.1 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Mid-Rise Condominium Property” means Residential Property that consists of a building or complex of buildings containing a number of individually owned apartments in buildings 3 to 7 stories that are for-sale but share common spaces, amenities, parking areas, utility and maintenance areas, and the property’s grounds.

“Mixed-Use Non-Residential Property” means Non-Residential Property that resides within a shared building or complex of buildings which provide more than one use or purpose on the same lot and may include any combination of office, retail, institutional, recreational, other commercial or industrial uses.

“Neighborhood Retail Property” means Non-Residential Property not classified as Mixed-Use Non-Residential Property.

“Non-Residential Property” means all Assessor’s Parcels for which a building permit has been issued prior to May 1st of the previous Fiscal Year for the purpose of constructing one or more non-residential units or facilities.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Prepayment Amount” means the amount required to prepay the Special Tax A Obligation in full for an Assessor’s Parcel as described in Section 6.A below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2022-1 IA 2 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or **“Proportionate”** means for Developed Property and Special Tax A, that the ratio of the actual Special Tax A levy to the applicable Assigned Special Tax A, Maximum Special Tax A is equal for all Assessor’s Parcels of Developed Property. For Developed Property and Special Tax B, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is equal for all Assessor’s Parcels of Developed Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax A, “Proportionately” means that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property or Provisional Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax B, “Proportionately” means that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property, or Provisional Property. “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section C below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Non-Residential Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section I but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section I.

“Public Property” means any property within the boundaries of CFD No. 2022-1 IA 2, which is owned by, or irrevocably offered for dedication to the federal government, the State of

California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment of Special Tax applicable to the property shown on the Boundary Map of CFD No. 2022-1 IA 2.

“Remainder Taxes” means the amount of the annual Special Tax A levy that is not needed to pay for items (i), (ii), (iii), (iv), and (vi) of the definition of the Special Tax Requirement for Facilities.

“Remainder Taxes Priority” means that the Remainder Taxes shall be applied as follows and in the following order of priority: (i) to the reimbursement of, or payment to, the Developer for Authorized Facilities in a cumulative amount of \$15,000,000, as set forth in the Acquisition Agreement; and (ii) to the financing of Authorized Facilities not included in subsection (i).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Single Family Residential Property” means Residential Property not classified as For-Rent Affordable Property, For-Rent Low-Rise Apartment/Townhome Property, For-Rent Mid-Rise Apartment Property, Low-Rise Apartment/Townhome Property or Mid-Rise Condominium Property.

“Special Tax” or **“Special Taxes”** means any special tax levied within CFD No. 2022-1 IA 2 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax A” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 2 to fund the Special Tax Requirement for Facilities.

“Special Tax A Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2022-1 IA 2.

“Special Tax B” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 2 to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay a proportionate share of Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds provided that such amounts have not been included in a prior Fiscal Year’s levy; (v) accumulate funds to pay directly for acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Approved Property, Undeveloped Property, or Provisional Property; and (vi) pay for reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special Taxes levied

in the previous Fiscal Year on property in CFD No. 2022-1 IA 2; less (vii) a credit for funds available to reduce the Special Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year to: (i) pay directly for services in the Calendar Year commencing in such Fiscal Year provided that the amount does not result in a Special Tax B levy on Approved Property and Undeveloped Property that exceeds the Fiscal Deficit for such Fiscal Year; (ii) pay a proportionate share of Administrative Expenses; (iii) pay for reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax B levied in the previous Fiscal Year on property in CFD No. 2022-1 IA 2; less (iv) a credit for funds available to reduce the Special Tax B levy, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1 IA 2, which are not exempt from the levy of the Special Taxes pursuant to law or Section I below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property or Provisional Property.

B. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2022-23, each Assessor’s Parcel within CFD No. 2022-1 IA 2 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Property, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Furthermore, each Assessor’s Parcel of Developed Property shall be assigned to a Land Use Class and land use type based on its Building Square Footage, as applicable.

C. SPECIAL TAX RATES

1. Assigned Special Tax A and Maximum Special Tax B for Developed Property

The Assigned Special Tax A and Maximum Special Tax B applicable to an Assessor’s Parcel classified as Developed Property for the Base Year shall be determined pursuant to Table 1 below.

**Table 1
Base Year Assigned Special Tax A and Maximum Special Tax B
(Fiscal Year 2022-23)**

Land Use Class	Land Use Type	Assigned Special Tax A	Maximum Special Tax B
1	Single Family Residential Property	\$8,841 per Residential Unit	\$1,100 per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$6,364 per Residential Unit	\$770 per Residential Unit
3	Mid-Rise Condominium Property	\$6,771 per Residential Unit	\$660 per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$1,048 per Residential Unit	\$550 per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$1,497 per Residential Unit	\$440 per Residential Unit
6	For-Rent Affordable Residential Property	\$1,248 per Residential Unit	\$330 per Residential Unit
7	Mixed-Use Non-Residential Property	\$1.00 per Square Foot	\$1.00 per Square Foot
8	Neighborhood Retail Property	\$1.00 per Square Foot	\$0.63 per Square Foot

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A in Table 1 above shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B in Table 1 above shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

2. Backup Special Tax A for Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for High-Density Residential Property shall be equal

to the Assigned Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as High-Density Residential Property, within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2022-23 or such later Fiscal Year in which such Final Map is created, subject to increases as described below.

(a) Calculation of the Backup Special Tax A

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B** = Backup Special Tax A per Lot for the applicable Final Map
- U** = Assigned Special Tax A per Acre of Approved Property or Undeveloped Property for the Fiscal Year the calculation is performed
- A** = Acreage of Taxable Property expected to exist within such Final Map at the time of calculation, as determined by the CFD Administrator
- L** = Number of Lots within the applicable Final Map at the time of calculation

Notwithstanding the foregoing, the Backup Special Tax A for a parcel of Developed Property for which a Certificate of Occupancy has been provided may not be changed.

(b) Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Special Tax A for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- (iv) Determine the total Backup Special Tax A revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- (v) The result of paragraph (a) above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- (vi) The result of paragraph b above shall be divided by 43,560. The result is the Backup Special Tax A per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

(c) Increase in the Backup Special Tax A

Each July 1, commencing the July 1 following the initial calculation of the Backup Special Tax A for Developed Property within a Final Map, the Backup Special Tax A for each Lot within such Final Map shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

3. Maximum Special Tax A for Developed Property

The Maximum Special Tax A for Developed Property shall be the greater of the Assigned Special Tax A for Developed Property or the Backup Special Tax A for Developed Property.

4. Maximum Special Tax A and Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property

The Base Year Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property shall be \$157,481 per Acre.

The Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$121,815 per Acre. In the first Fiscal Year in which the Fiscal Deficit has been determined to be less than or equal to zero, the Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$0 per Acre in that Fiscal Year and each Fiscal Year thereafter.

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax A rate for Provisional Property, Approved Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

D. METHOD OF APPORTIONMENT

1. Special Tax A

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: (a) Through Fiscal Year 2071-72, the Special Tax A shall be levied at the applicable Assigned Special Tax A on each Assessor's Parcel of Developed Property. Any Remainder Taxes shall be applied as set forth in the Remainder Taxes Priority.

(b) After Fiscal Year 2071-72, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A until the Special Tax Requirement for Facilities is met.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax A for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax A shall be levied

Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax A for Undeveloped Property.

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property up to 100% of the Maximum Special Tax A for Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax A for Provisional Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax A levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax A levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax A rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax A rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

Notwithstanding the above, under no circumstances will the Special Tax A levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax A applicable to any other Assessor's Parcel within CFD No. 2022-1 IA1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

2. Special Tax B

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied

Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax B for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax B for Undeveloped Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax B levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax B for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax B levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax B rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax B on the Taxable Property in such Assessor's Parcel not subject to the Special Tax B levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax B rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

E. COLLECTION OF SPECIAL TAXES

Collection of the Special Taxes shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Taxes shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Taxes, including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. PREPAYMENT OF SPECIAL TAX A OBLIGATION

The following definition applies to this Section F:

"CFD Public Facilities Costs" means \$22 million or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be financed under the Act and financing program for CFD No. 2022-1 IA 2, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds) in CFD No. 2022-1 IA 2.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund or from Special Tax A to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund or other fund holding Special Tax A that is available to finance the CFD Public Facilities Costs, and (iii) monies currently on deposit in an escrow or other designated fund of CFD No. 2022-1 IA 2 that are expected to be available to finance CFD Public Facilities Costs. The amount of Future Facilities Costs may not be less than \$0.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax A prepayments.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

1. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The Special Tax B obligation may not be prepaid.

The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property, Approved Property, or Undeveloped Property that has been included in a Final Map may be prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must be made at least 60 days prior to any redemption date for Outstanding Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel as though all Assessor’s Parcels of Taxable Property within CFD No. 2022-1 IA 2 have been built out. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax A for the Assessor’s Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the estimated total amount of Special Tax A that could be levied at build out of all Assessor’s Parcels of Taxable Property based on the applicable Maximum Special Tax A for all such Assessor’s Parcels of Taxable Property not including any Parcels for which the Special Tax A Obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor’s Parcel (the “Future Facilities Amount”).
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax A prepayments.

9. Determine the Special Tax A amount levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit and the Capitalized Interest Credit.

16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2022-1 IA 2.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Outstanding Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Outstanding Bonds to be used with the next prepayment of Outstanding Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax A Obligation is prepaid

in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax A and the release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax A shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

2. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property, Approved Property, or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1; except that a "Partial Prepayment Amount" shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A$$

The terms above have the following meanings:

PP = The Partial Prepayment Amount

PE = The Prepayment Amount calculated according to Section F.1

F = The percentage of the Special Tax A Obligation that the owner of the Assessor's Parcel(s) is partially prepaying

A = The Prepayment Administrative Fees and Expenses from Section F.1

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax A Obligation, (ii) the percentage by which the Special Tax A Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax A Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of CFD No. 2022-1 IA1 that there has been a partial prepayment of the Special Tax A Obligation and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

The Special Tax B may not be prepaid.

G. SPECIAL TAX REDUCTION

The following definitions apply to this Section G:

“Base Price” means, with respect to the Residential Units in each Plan Type as of the date of the applicable Price Point Study, the base price of such Residential Units as estimated by the Price Point Consultant, excluding potential appreciation, premiums, options, or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

“Plan Type” means a discrete residential plan type, generally consisting of Residential Units that share a common product type (e.g. detached, attached or cluster) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1 IA 2, as identified in the Price Point Study.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2022-1 IA 2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts; (b) is well-versed in analyzing economic and real estate data that relate to the pricing of Residential Units in community facilities districts; (c) is independent and not under the control of CFD No. 2022-1 IA 2, the City, or the developer; (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1 IA 2, the City, any owner of real property within CFD No. 2022-1 IA 2, or any real property in CFD No. 2022-1 IA 2; and (e) is not connected with CFD No. 2022-1 IA 2 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1 IA 2 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study which (a) has been prepared by the Price Point Consultant; (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1 IA 2; (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type; (d) sets forth estimates of the Base Price for each Plan Type; and (e) uses a date for estimating such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator, pursuant to this Section G.

“Total Effective Tax Rate” means, for a Plan Type, the Total Tax Burden for such Plan Type divided by the Base Price for such Plan Type, converted to a percentage.

“Total Effective Tax Rate Limit” means 2.00%.

“Total Tax Burden” means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax, estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Residential Units of such Plan Type in CFD No. 2022-1 IA 2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had they been subject to such levies (excluding homeowners’ association dues and Property Assessed Clean Energy (PACE) charges imposed pursuant to AB 811 or SB 555).

Prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 2, the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 2 for evaluating the Special Tax A:

1. At least 30 days prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 2, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1 IA 2.
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit, then there shall be no change in Special Tax A rate for such Land Use Class in CFD No. 2022-1 IA 2.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax A rate that does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit and assign the revised Assigned Special Tax A rate to the Land Use Class.
4. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall calculate a revised Backup Special Tax A rate for each applicable Final Map within CFD No. 2022-1 IA 2. The revised Backup Special Tax A for each applicable Final Map shall be an amount (rounded to the nearest whole dollar) calculated pursuant to the formula below:

$$\mathbf{RBST} = \mathbf{BST} \times \left(1 + \frac{\mathbf{RAST} - \mathbf{AST}}{\mathbf{AST}} \right)$$

The terms above have the following meanings:

RBST = Revised Backup Special Tax A

BST = The Backup Special Tax A for the Final Map, as set forth in Section C.2.

RAST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD No. 2022-1 IA 2, including any reduced Assigned Special Tax A amounts resulting from the calculations in Step 3b above.

AST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD NO. 2022-1 IA 2 based on the Assigned Special Tax A rates in effect prior to the reduction, pursuant to steps 3a and 3b.

5. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to

Amend the Special Tax for CFD No. 2022-1 IA 2. The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Class as calculated pursuant to step 3b, or (ii) the Assigned Special Tax A as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3a; as well as either (i) the revised Backup Special Tax A as calculated pursuant to Step 4, or (ii) the Backup Special Tax A as identified in Section C.2 that was not revised as determined pursuant to step 4 above.

6. If the anticipated date of issuance for the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1 IA 2 shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Class and the Backup Special Tax shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1 IA 2 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
7. After the execution by CFD No. 2022-1 IA 2 of the acknowledgment on the Certificate to Amend the Special Tax, CFD No. 2022-1 IA 2 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1 IA 2 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2022-1 IA 2 set forth in such Certificate to Amend the Special Tax.
8. If the Assigned Special Tax A is not required to be changed for any Land Use Class based on the calculations performed under Step 3 above, there shall be no reduction in the Assigned Special Tax A or Backup Special Tax A, and no Certificate to Amend the Special Tax shall be required.

H. TERM OF SPECIAL TAX

The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for Facilities for a period not to exceed sixty (60) Fiscal Years commencing with Fiscal Year 2022-23, provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on all Outstanding Bonds have been paid.

The Special Tax B shall be levied in perpetuity as necessary to satisfy the Special Tax Requirement for Services.

I. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which

are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, and (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement as determined reasonably by the CFD Administrator, provided that no such classification in (i) through (iv), inclusive, would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 2 to less than 9.48 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 2 to less than 9.48 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2022-1 IA 2 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section I above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

J. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- (ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- (iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the Council. Upon the receipt of such notice, the Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

K. INTERPRETATIONS

The Council or designee thereof shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the Council or designee shall be final.

EXHIBIT A
CERTIFICATE TO AMEND THE SPECIAL TAX
CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE)
IMPROVEMENT AREA NO. 2
TAX REDUCTION CERTIFICATE

7. Pursuant to Section G of the Rate and Method of Apportionment for Improvement Area No. 2 of City of Richmond Community Facilities District No. 2022-1 (Point Molate) (the “RMA”), as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Contra Costa as Instrument No. _____ on __/__/____, the City of Richmond (the “City”) hereby reduces the Assigned Special Tax A rates for Developed Property within CFD No. 2022-1 IA 2 set forth in Table 1 of the RMA.
8. The calculations made pursuant to Section G were based upon a Price Point Study that was received by the CFD Administrator on __/__/_____.
9. The Information in Table 1 relating to the Assigned Special Tax A for Developed Property within CFD No. 2022-1 IA 2 shall be amended and restated as shown in Table A-1 below:

Land Use Class	Land Use Type	Assigned Special Tax A
1	Single Family Residential Property	\$[] per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
3	Mid-Rise Condominium Property	\$[] per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$[] per Residential Unit
6	For-Rent Affordable Residential Property	\$[] per Residential Unit
7	Mixed-Use Non-Residential Property	\$[] per Square Foot
8	Neighborhood Retail Property	\$[] per Square Foot

10. The Backup Special Tax A for an Assessor’s Parcel of Developed Property shall equal \$[] per Acre for each Final Map as shown in Table A-2 below:
11. On each July 1, commencing on July 1, _____, the Assigned Special Tax A rates in Table A-1 and the Backup Special Tax A rates in 4 above shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.
12. Upon execution of the certificate by the City and CFD No. 2022-1 IA 2, the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1 IA 2 to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: _____

Date: _____

By execution hereof, the undersigned acknowledges on behalf of CFD No. 2022-1 IA 2, receipt of this certificate and modification of the RMA as set forth in this certificate.

Improvement Area No. 2 of City of Richmond Community Facilities District No. 2022-1 (Point Molate).

By: _____

Date: _____

EXHIBIT E

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
THE CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(POINT MOLATE)
IMPROVEMENT AREA NO. 3

Rate and Method of Apportionment of Special Tax

City of Richmond Community Facilities District No. 2022-1 (Point Molate) Improvement Area No. 3

A Special Tax A and a Special Tax B shall be levied on all Taxable Property within the boundaries of Improvement Area No. 3 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (“CFD No. 2022-1 IA 3”) and collected each Fiscal Year commencing in Fiscal Year 2022-23, in an amount determined by the CFD Administrator through the application of the procedures described below. All the real property within CFD No. 2022-1 IA 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acquisition Agreement**” means that Acquisition Agreement relating to CFD No. 2022-1 (and all improvement areas designated therein) by and between the City and the Developer.

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map. An Acre means 43,560 square feet of land.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the actual or reasonably estimated costs related to the administration of CFD No. 2022-1 IA 3 including, but not limited to: the costs of preparing and computing the Special Taxes (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City, the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2022-1 IA1, or any designee thereof complying with arbitrage rebate requirements, including without limitation rebate liability costs and periodic rebate calculations; the costs to the City, CFD No. 2022-1 IA 3, or any designee thereof complying with disclosure or reporting requirements of the City or CFD No. 2022-1 IA 3, associated with applicable federal and State laws; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 2022-1 IA 3, or any designee thereof related to an appeal of the Special Taxes; and the City’s annual administration

fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-1 IA 3 for any other administrative purposes of CFD No. 2022-1 IA 3, including attorney's fees and other costs related to commencing and pursuing any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property exclusive of Provisional Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Taxes are being levied, and (ii) that have not been issued a Building Permit on or prior to the May 1st preceding the Fiscal Year in which the Special Taxes are being levied.

"Assessor" means the Assessor of the County of Contra Costa.

"Assessor's Parcel" means a lot, unit, or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means the number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax A" means the Special Tax of that name described in Section C.1 below.

"Authorized Facilities" means those facilities and capital fees that are authorized to be financed by CFD No. 2022-1 IA 1.

"Backup Special Tax A" means the Special Tax of that name described in Section C.2 below.

"Base Year" means the Fiscal Year beginning July 1, 2022 and ending June 30, 2023.

"Bonds" means any bonds or other Debt of CFD No. 2022-1 IA 3, whether in one or more series, secured by the levy of Special Taxes.

"Boundary Map" means the map of the boundaries of CFD No. 2022-1 IA 3 recorded in the Contra Costa County Recorder's Office.

"Building Permit" means a building permit for new construction or rehabilitation of a Residential Unit or Non-Residential Property within CFD No. 2022-1 IA 3 issued by the City.

"Building Square Footage" means all of the square footage of usable area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, or similar area. The determination of Building Square Footage shall be made by reference to the Building Permit(s) issued for such structure and/or by reference to appropriate records kept by the City.

"Calendar Year" means the period commencing January 1st of any year and ending the following December 31.

"CFD Administrator" means an authorized representative of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, for preparing the Special Tax roll and/or calculating the Backup Special Tax A.

“CFD No. 2022-1” means the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“CFD No. 2022-1 IA 3” means Improvement Area No. 3 of the City of Richmond Community Facilities District No. 2022-1 (Point Molate).

“City” means the City of Richmond, California.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics for the San Francisco-Oakland-Hayward, CA area in the December preceding the Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the original index.

“Council” means the City Council of the City acting as the legislative body of CFD No. 2022-1 IA 3 under the Act.

“County” means the County of Contra Costa, California.

“Debt” means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

“Debt Service” means for each Fiscal Year, the total amount of principal and interest payable on any Outstanding Bonds during the Calendar Year commencing on January 1st of such Fiscal Year.

“Developed Property” means for each Fiscal Year, all Taxable Property, exclusive of Provisional Property, for which a Building Permit was issued prior to May 1st of the previous Fiscal Year. An Assessor’s Parcel classified as Developed Property but for which the Building Permit that caused such Assessor’s Parcel to be classified as Developed Property has been cancelled and/or voided prior to the Fiscal Year for which Special Taxes are being levied shall be reclassified as Approved Property, provided that the levy of the Special Taxes on such Assessor’s Parcel after such reclassification does not cause the total Special Tax A authorized to be collected within CFD No. 2022-1 IA 3 to be less than 1.1 times the annual Debt Service plus Administrative Expenses, on all Outstanding Bonds for any future Fiscal Year. If Bonds have not been issued, an Assessor’s Parcel classified as Developed Property for which such a Building Permit has been cancelled and/or voided shall be reclassified as Approved Property.

“Developer” means Winehaven Legacy LLC and its successors, if any, acting as the developer of the property in CFD No. 2022-1 IA 3.

“Exempt Property” means for each Fiscal Year, all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section I below.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that

creates individual lots or units for which Building Permits may be issued without further subdivision.

“Fiscal Deficit” means, for any Fiscal Year, the amount determined by the City’s designated consultant to be the actual negative fiscal impact to the City’s general fund that the project associated with CFD No. 2022-1 when applying the methodology detailed in the Peer Review of Winehaven Prepared Fiscal Impact Analysis for Proposed Point Molate Mixed-Use Development Project prepared by Bay Area Economics in June 2020 for the City and using the actual sales data as of August 1 of such Fiscal Year. If the actual sales data for Assessor’s Parcels within CFD No. 2022-1 IA 1 is not available at the time the report is prepared, assessed values on the latest secured roll prepared by the County will be used.

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

“For-Rent Affordable Residential Property” means Residential Property consisting of Residential Units that are available for rental by moderate-, low-, very low- or extremely low-income persons, not for sale to an end user, under common management, and subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for affordable housing.

“For-Rent Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other available for rental by the general public, not for sale to an end user, and under common management.

“For-Rent Mid-Rise Apartment Property” means Residential Property that consists of a multi-family building or buildings on a single or conjoined multiple parcels where there are typically 3 to 7 stories of housing available for rental by the general public, not for sale to an end user, and under common management.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes listed in Table 1 under Section C below.

“Lot” means an Assessor’s Parcel created by a Final Map on which one or more Residential Units can be constructed.

“Low-Rise Apartment/Townhome Property” means Residential Property consisting of a building or buildings of 2 to 3 stories which consist of either stacked multi-family buildings or adjoined multi-story houses that are similar to each other and offered for sale to the public.

“Maximum Special Tax A” means for each Assessor’s Parcel, the Maximum Special Tax A, determined in accordance with Sections C.3 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Maximum Special Tax B” means for each Assessor’s Parcel, the maximum Special Tax B, determined in accordance with Section C.1 and C.4 below, which may be levied in a given Fiscal Year on such Assessor’s Parcel of Taxable Property.

“Mid-Rise Condominium Property” means Residential Property that consists of a building or complex of buildings containing a number of individually owned apartments in buildings 3 to 7 stories that are for-sale but share common spaces, amenities, parking areas, utility and maintenance areas, and the property’s grounds.

“Mixed-Use Non-Residential Property” means Non-Residential Property that resides within a shared building or complex of buildings which provide more than one use or purpose on the same lot and may include any combination of office, retail, institutional, recreational, other commercial or industrial uses.

“Neighborhood Retail Property” means Non-Residential Property not classified as Mixed-Use Non-Residential Property.

“Non-Residential Property” means all Assessor’s Parcels for which a building permit has been issued prior to May 1st of the previous Fiscal Year for the purpose of constructing one or more non-residential units or facilities.

“Outstanding Bonds” means all Bonds, which are deemed to be outstanding under the Indenture.

“Prepayment Amount” means the amount required to prepay the Special Tax A Obligation in full for an Assessor’s Parcel as described in Section 6.A below.

“Property Owner Association Property” means any Assessor’s Parcel within the boundaries of CFD No. 2022-1 IA 3 owned in fee by a property owner association, including any master or sub-association.

“Proportionately” or **“Proportionate”** means for Developed Property and Special Tax A, that the ratio of the actual Special Tax A levy to the applicable Assigned Special Tax A, Maximum Special Tax A is equal for all Assessor’s Parcels of Developed Property. For Developed Property and Special Tax B, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is equal for all Assessor’s Parcels of Developed Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax A, “Proportionately” means that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property or Provisional Property. For Approved Property, Undeveloped Property, or Provisional Property and Special Tax B, “Proportionately” means that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is equal for all Assessor’s Parcels of Approved Property, Undeveloped Property, or Provisional Property. “Proportionately” may similarly be applied to other categories of Taxable Property as listed in Section C below.

“Provisional Property” means all Assessor’s Parcels of Public Property, Property Owner Association Property, Non-Residential Property or property that would otherwise be classified as Exempt Property pursuant to the provisions of Section I but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage as set forth in Section I.

“Public Property” means any property within the boundaries of CFD No. 2022-1 IA 3, which is owned by, or irrevocably offered for dedication to the federal government, the State of

California, the County, the City or any other public agency; provided however that any property owned by a public agency and leased to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment of Special Tax applicable to the property shown on the Boundary Map of CFD No. 2022-1 IA 3.

“Remainder Taxes” means the amount of the annual Special Tax A levy that is not needed to pay for items (i), (ii), (iii), (iv), and (vi) of the definition of the Special Tax Requirement for Facilities.

“Remainder Taxes Priority” means that the Remainder Taxes shall be applied as follows and in the following order of priority: (i) to the reimbursement of, or payment to, the Developer for Authorized Facilities in a cumulative amount of \$15,000,000, as set forth in the Acquisition Agreement; and (ii) to the financing of Authorized Facilities not included in subsection (i).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for the purpose of constructing one or more Residential Units.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Single Family Residential Property” means Residential Property not classified as For-Rent Affordable Property, For-Rent Low-Rise Apartment/Townhome Property, For-Rent Mid-Rise Apartment Property, Low-Rise Apartment/Townhome Property or Mid-Rise Condominium Property.

“Special Tax” or **“Special Taxes”** means any special tax levied within CFD No. 2022-1 IA 3 pursuant to the Act and this Rate and Method of Apportionment.

“Special Tax A” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 3 to fund the Special Tax Requirement for Facilities.

“Special Tax A Obligation” means the total obligation of an Assessor’s Parcel of Taxable Property to pay the Special Tax for the remaining life of CFD No. 2022-1 IA 3.

“Special Tax B” means the special tax to be levied each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-1 IA 3 to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means that amount required in any Fiscal Year to: (i) pay regularly scheduled Debt Service on all Outstanding Bonds; (ii) pay periodic costs on the Outstanding Bonds, including but not limited to, credit enhancement and rebate payments on the Outstanding Bonds; (iii) pay a proportionate share of Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds provided that such amounts have not been included in a prior Fiscal Year’s levy; (v) accumulate funds to pay directly for acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in the Special Tax A to be levied on Approved Property, Undeveloped Property, or Provisional Property; and (vi) pay for reasonably anticipated Special Tax A delinquencies based on the delinquency rate for Special Taxes levied

in the previous Fiscal Year on property in CFD No. 2022-1 IA 3; less (vii) a credit for funds available to reduce the Special Tax A levy, as determined by the CFD Administrator pursuant to the Indenture.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year to: (i) pay directly for services in the Calendar Year commencing in such Fiscal Year provided that the amount does not result in a Special Tax B levy on Approved Property and Undeveloped Property that exceeds the Fiscal Deficit for such Fiscal Year; (ii) pay a proportionate share of Administrative Expenses; (iii) pay for reasonably anticipated Special Tax B delinquencies based on the delinquency rate for Special Tax B levied in the previous Fiscal Year on property in CFD No. 2022-1 IA 3; less (iv) a credit for funds available to reduce the Special Tax B levy, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2022-1 IA 3, which are not exempt from the levy of the Special Taxes pursuant to law or Section I below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property or Provisional Property.

“Zone” means Zone 1 or Zone 2, as applicable.

“Zone 1” means the specific geographic area identified as Zone 1 within CFD No. 2020-2 IA 3 as depicted and described on Exhibit B attached to this Rate and Method of Apportionment.

“Zone 2” means the specific geographic area identified as Zone 2 within CFD No. 2020-2 IA 3 as depicted and described on Exhibit B attached to this Rate and Method of Apportionment.

B. LAND USE CLASSIFICATION

Each Fiscal Year, beginning with Fiscal Year 2022-23, each Assessor’s Parcel within CFD No. 2022-1 IA 3 shall be classified as Taxable Property or Exempt Property. In addition, all Taxable Property shall further be classified as Developed Property, Approved Property, Undeveloped Property or Provisional Property within Zone 1 or Zone 2, and all such Taxable Property shall be subject to the levy of Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Furthermore, each Assessor’s Parcel of Developed Property shall be assigned to a Land Use Class and land use type based on its Building Square Footage, as applicable.

C. SPECIAL TAX RATES

1. Assigned Special Tax A and Maximum Special Tax B for Developed Property

The Assigned Special Tax A and Maximum Special Tax B applicable to an Assessor’s Parcel classified as Developed Property for the Base Year shall be determined pursuant to Table 1 below.

Table 1
Base Year Assigned Special Tax A and Maximum Special Tax B
(Fiscal Year 2022-23)

Land Use Class	Land Use Type	Assigned Special Tax A	Maximum Special Tax B
1	Single Family Residential Property	\$8,841 per Residential Unit	\$1,100 per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$6,364 per Residential Unit	\$770 per Residential Unit
3	Mid-Rise Condominium Property	\$6,771 per Residential Unit	\$660 per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$1,048 per Residential Unit	\$550 per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$1,497 per Residential Unit	\$440 per Residential Unit
6	For-Rent Affordable Residential Property	\$1,248 per Residential Unit	\$330 per Residential Unit
7	Mixed-Use Non-Residential Property	\$1.00 per Square Foot	\$1.00 per Square Foot
8	Neighborhood Retail Property	\$1.00 per Square Foot	\$0.63 per Square Foot

For each subsequent Fiscal Year following the Base Year, the Assigned Special Tax A in Table 1 above shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B in Table 1 above shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

2. Backup Special Tax A for Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Special Tax A. The Backup Special Tax A for High-Density Residential Property shall be equal to the Assigned Special Tax A. The Backup Special Tax A for an Assessor's Parcel of Developed Property, not classified as High-Density Residential Property, within a Final Map shall be the rate per Lot calculated in accordance with the following formula in Fiscal Year 2022-23 or such later Fiscal Year in which such Final Map is created, subject to increases as described below.

(a) Calculation of the Backup Special Tax A

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B** = Backup Special Tax A per Lot for the applicable Final Map
- U** = Assigned Special Tax A per Acre of Approved Property or Undeveloped Property for the Fiscal Year the calculation is performed
- A** = Acreage of Taxable Property expected to exist within such Final Map at the time of calculation, as determined by the CFD Administrator
- L** = Number of Lots within the applicable Final Map at the time of calculation

Notwithstanding the foregoing, the Backup Special Tax A for a parcel of Developed Property for which a Certificate of Occupancy has been provided may not be changed.

(b) Changes to a Final Map

If the Final Map(s) described in the preceding paragraph are subsequently changed or modified, then the Backup Special Tax A for each Assessor's Parcel of Developed Property changed or modified in each such Final Map shall be a rate per square foot of Acreage calculated as follows:

- (i) Determine the total Backup Special Tax A revenue anticipated to apply to the changed or modified Assessor's Parcels prior to the change or modification.
- (ii) The result of paragraph (a) above shall be divided by the Acreage of Taxable Property of the modified Assessor's Parcels, as reasonably determined by the Administrator.
- (iii) The result of paragraph b above shall be divided by 43,560. The result is the Backup Special Tax A per square foot of Acreage that shall be applicable to the modified Assessor's Parcels, subject to increases as described below.

(c) Increase in the Backup Special Tax A

Each July 1, commencing the July 1 following the initial calculation of the Backup Special Tax A for Developed Property within a Final Map, the Backup Special Tax A for each Lot within such Final Map shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year.

3. Maximum Special Tax A for Developed Property

The Maximum Special Tax A for Developed Property shall be the greater of the Assigned Special Tax A for Developed Property or the Backup Special Tax A for Developed Property.

4. Maximum Special Tax A and Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property

The Base Year Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property within Zone 1 shall be \$496,995 per Acre. The Base Year Maximum Special Tax A for Provisional Property, Approved Property and Undeveloped Property within Zone 2 shall be \$37,838 per Acre.

The Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$121,815 per Acre. In the first Fiscal Year in which the Fiscal Deficit has been determined to be less than or equal to zero, the Base Year Maximum Special Tax B for Approved Property and Undeveloped Property shall be \$0 per Acre in that Fiscal Year and each Fiscal Year thereafter.

For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax A rate for Provisional Property, Approved Property and Undeveloped Property shall be increased by two percent (2%) of the amount in effect the prior Fiscal Year, and the Maximum Special Tax B for Provisional Property, Approved Property and Undeveloped Property shall be increased by the percent change in the Consumer Price Index since the prior Fiscal Year but not less than two percent (2%) or greater than six percent (6%).

D. METHOD OF APPORTIONMENT

1. Special Tax A

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: (a) Through Fiscal Year 2071-72, the Special Tax A shall be levied at the applicable Assigned Special Tax A on each Assessor's Parcel of Developed Property. Any Remainder Taxes shall be applied as set forth in the Remainder Taxes Priority.

(b) After Fiscal Year 2071-72, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax A until the Special Tax Requirement for Facilities is met.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after Step 1 has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax A for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax A for Undeveloped Property.

Step 4: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then the Special Tax A amount determined in Step 1 shall be increased Proportionately on each Assessor's Parcel of Developed Property up to 100% of the Maximum Special Tax A for Developed Property.

Step 5: If additional monies are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, then the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Property in an amount up to 100% of the Maximum Special Tax A for Provisional Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax A levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax A for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax A levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax A rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax A on the Taxable Property in such Assessor's Parcel not subject to the Special Tax A levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax A rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

Notwithstanding the above, under no circumstances will the Special Tax A levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased as a result of a delinquency or default in the payment of the Special Tax A applicable to any other Assessor's Parcel

within CFD No. 2022-1 IA1 by more than ten percent (10%) above what would have been levied in the absence of such delinquencies or defaults.

2. Special Tax B

For each Fiscal Year, commencing Fiscal Year 2022-23, the CFD Administrator shall levy the Special Tax A on all Taxable Property in accordance with the following steps:

Step 1: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax B.

Step 2: If additional monies are needed to satisfy the Special Tax Requirement for Services after Step 1 has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property in an amount up to 100% of the Maximum Special Tax B for Approved Property.

Step 3: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property in an amount up to 100% of the Maximum Special Tax B for Undeveloped Property.

In the event Building Permits have been issued prior to May 1st of the previous Fiscal Year for one or more Residential Units on a single Assessor's Parcel, causing such Assessor's Parcels to be classified as Developed Property, and the County has not yet assigned final Assessor's Parcel Number(s) to such Residential Unit(s) in accordance with the Final Map applicable to such Assessor's Parcel, the amount of the Special Tax B levy on such Assessor's Parcel shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax B for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Approved Property or Undeveloped Property; (2) the CFD Administrator shall then determine the amount of the Special Tax B levy for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Assigned Special Tax B rates, and such amount shall be levied as Developed Property in accordance with Step 1 above; and (3) the amount of the Special Tax B on the Taxable Property in such Assessor's Parcel not subject to the Special Tax B levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax B rate levied on all other Approved Property or Undeveloped Property pursuant to Step 2 or 3 above, as applicable, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2) of this paragraph.

E. COLLECTION OF SPECIAL TAXES

Collection of the Special Taxes shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Special Taxes shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for (i) other means of collecting the Special Taxes,

including direct billings thereof to the property owners; and (ii) judicial foreclosure of delinquent Special Taxes.

F. PREPAYMENT OF SPECIAL TAX A OBLIGATION

The following definition applies to this Section F:

“CFD Public Facilities Costs” means \$81 million or such lower number as (i) shall be determined by the CFD Administrator as sufficient to acquire or construct the Authorized Facilities to be financed under the Act and financing program for CFD No. 2022-1 IA 3, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds (except refunding bonds) in CFD No. 2022-1 IA 3.

“Construction Fund” means the fund (regardless of its name) established pursuant to the Indenture to hold funds, which are currently available for expenditure to acquire or construct the Authorized Facilities.

“Future Facilities Costs” means the CFD Public Facilities Costs minus (i) costs previously paid from the Construction Fund or from Special Tax A to acquire or construct the facilities, (ii) monies currently on deposit in the Construction Fund or other fund holding Special Tax A that is available to finance the CFD Public Facilities Costs, and (iii) monies currently on deposit in an escrow or other designated fund of CFD No. 2022-1 IA 3 that are expected to be available to finance CFD Public Facilities Costs. The amount of Future Facilities Costs may not be less than \$0.

“Outstanding Bonds” means all Previously Issued Bonds, which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year excluding Bonds to be redeemed at a later date with proceeds of prior Special Tax A prepayments.

“Previously Issued Bonds” means all Bonds that have been issued prior to the date of prepayment.

1. Prepayment in Full

Property owners may prepay and permanently satisfy the Special Tax A Obligation by a cash settlement with the City as permitted under Government Code Section 53344. The Special Tax B obligation may not be prepaid.

The Special Tax A Obligation applicable to an Assessor’s Parcel of Developed Property, Approved Property, or Undeveloped Property that has been included in a Final Map may be prepaid and the obligation to pay the Special Tax A for such Assessor’s Parcel permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel eligible to prepay the Special Tax A Obligation shall provide the CFD Administrator with written notice of intent to prepay and designate or identify the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the Prepayment Amount for such Assessor’s Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. Prepayment must

be made at least 60 days prior to any redemption date for Outstanding Bonds to be redeemed with the proceeds of such prepaid Special Taxes, unless a shorter period is acceptable to the Trustee and the City.

The Prepayment Amount shall be calculated for each applicable Assessor’s Parcel or group of Assessor’s Parcels as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor’s Parcel as though all Assessor’s Parcels of Taxable Property within CFD No. 2022-1 IA 3 have been built out. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor’s Parcel. For an Assessor’s Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, compute the Maximum Special Tax A for the Assessor’s Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the estimated total amount of Special Tax A that could be levied at build out of all Assessor’s Parcels of Taxable Property based on the applicable Maximum Special Tax A for all such Assessor’s Parcels of Taxable Property not including any Parcels for which the Special Tax A Obligation has been previously prepaid.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the portion of the Future Facilities Costs applicable to the Assessor’s Parcel (the “Future Facilities Amount”).

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax A prepayments.

9. Determine the Special Tax A amount levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses associated with the prepayment, including the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax A Obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The amount to prepay the Special Tax A Obligation is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit and the Capitalized Interest Credit.

16. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make Debt Service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by CFD No. 2022-1 IA 3.

The Prepayment Amount may be sufficient to redeem an amount other than a \$5,000 increment of Outstanding Bonds. In such cases, the increment above \$5,000 or integral

multiple thereof will be retained in the appropriate fund established under the Indenture to redeem Outstanding Bonds to be used with the next prepayment of Outstanding Bonds.

The CFD Administrator will confirm that all previously levied Special Taxes have been paid in full. With respect to any Assessor's Parcel for which the Special Tax A Obligation is prepaid in full, once the CFD Administrator has confirmed that all previously levied Special Taxes have been paid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax A and the release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay the Special Tax A shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be levied on Taxable Property, respectively, after the proposed prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

2. Partial Prepayment

The Special Tax on an Assessor's Parcel of Developed Property, Approved Property, or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section F.1; except that a "Partial Prepayment Amount" shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A$$

The terms above have the following meanings:

PP = The Partial Prepayment Amount

PE = The Prepayment Amount calculated according to Section F.1

F = The percentage of the Special Tax A Obligation that the owner of the Assessor's Parcel(s) is partially prepaying

A = The Prepayment Administrative Fees and Expenses from Section F.1

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Special Tax A Obligation, (ii) the percentage by which the Special Tax A Obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax A Obligation for an Assessor's Parcel within sixty (60) days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section F.1, and (ii) indicate in the records of CFD No. 2022-1 IA1 that there has been a partial prepayment of the Special Tax A Obligation and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the Maximum Special Tax A, shall continue to be levied on such Assessor's Parcel.

Notwithstanding the foregoing, no partial prepayment shall be allowed unless the aggregate amount of Maximum Special Tax A less Administrative Expenses that may be

levied on Taxable Property, respectively, after the proposed partial prepayment is at least 1.1 times the Debt Service on all Outstanding Bonds in each Fiscal Year.

The Special Tax B may not be prepaid.

G. SPECIAL TAX REDUCTION

The following definitions apply to this Section G:

“Base Price” means, with respect to the Residential Units in each Plan Type as of the date of the applicable Price Point Study, the base price of such Residential Units as estimated by the Price Point Consultant, excluding potential appreciation, premiums, options, or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

“Plan Type” means a discrete residential plan type, generally consisting of Residential Units that share a common product type (e.g. detached, attached or cluster) and that have nearly identical amounts of living area, that is constructed or expected to be constructed within CFD No. 2022-1 IA 3, as identified in the Price Point Study.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2022-1 IA 3 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts; (b) is well-versed in analyzing economic and real estate data that relate to the pricing of Residential Units in community facilities districts; (c) is independent and not under the control of CFD No. 2022-1 IA 3, the City, or the developer; (d) does not have any substantial interest, direct or indirect, with or in CFD No. 2022-1 IA 3, the City, any owner of real property within CFD No. 2022-1 IA 3, or any real property in CFD No. 2022-1 IA 3; and (e) is not connected with CFD No. 2022-1 IA 3 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-1 IA 3 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study which (a) has been prepared by the Price Point Consultant; (b) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-1 IA 3; (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type; (d) sets forth estimates of the Base Price for each Plan Type; and (e) uses a date for estimating such Base Prices that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator, pursuant to this Section G.

“Total Effective Tax Rate” means, for a Plan Type, the Total Tax Burden for such Plan Type divided by the Base Price for such Plan Type, converted to a percentage.

“Total Effective Tax Rate Limit” means 2.00%.

“Total Tax Burden” means, with respect to a Plan Type, for the Fiscal Year for which the calculation is being performed, the sum of the Assigned Special Tax, estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on Residential Units of such Plan Type in CFD No. 2022-1 IA 3 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had they been subject to such levies (excluding

homeowners' association dues and Property Assessed Clean Energy (PACE) charges imposed pursuant to AB 811 or SB 555).

Prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 3, the following steps shall be taken for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 3 for evaluating the Special Tax A:

1. At least 30 days prior to the issuance of the first series of Bonds for CFD No. 2022-1 IA 3, a Price Point Study shall be completed and delivered to the CFD Administrator.
2. The CFD Administrator shall determine the Total Tax Burden and Total Effective Tax Rate for each Plan Type in CFD No. 2022-1 IA 3.
3. Separately, for each Land Use Class of for-sale Residential Property in CFD No. 2022-1 IA 3, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to the Total Effective Tax Rate Limit, then there shall be no change in Special Tax A rate for such Land Use Class in CFD No. 2022-1 IA 3.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than the Total Effective Tax Rate Limit, the CFD Administrator shall calculate a revised Assigned Special Tax A rate that does not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed the Total Effective Tax Rate Limit and assign the revised Assigned Special Tax A rate to the Land Use Class.
4. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall calculate a revised Backup Special Tax A rate for each applicable Final Map within CFD No. 2022-1 IA 3. The revised Backup Special Tax A for each applicable Final Map shall be an amount (rounded to the nearest whole dollar) calculated pursuant to the formula below:

$$\mathbf{RBST} = \mathbf{BST} \times \left(1 + \frac{\mathbf{RAST} - \mathbf{AST}}{\mathbf{AST}}\right)$$

The terms above have the following meanings:

RBST = Revised Backup Special Tax A

BST = The Backup Special Tax A for the Final Map, as set forth in Section C.2.

RAST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD No. 2022-1 IA 3, including any reduced Assigned Special Tax A amounts resulting from the calculations in Step 3b above.

AST = The total estimated Assigned Special Tax A levy for all Land Use Classes of Developed Property in the Final Map, assuming buildout of CFD NO. 2022-1 IA 3 based on the Assigned Special Tax A rates in effect prior to the reduction, pursuant to steps 3a and 3b.

5. If the Assigned Special Tax A for any Land Use Class is revised pursuant to Step 3b above, the CFD Administrator shall also prepare and execute a Certificate to Amend the Special Tax substantially in the form of Exhibit "A" hereto and shall deliver such Certificate to Amend the Special Tax for CFD No. 2022-1 IA 3. The Certificate to Amend the Special Tax shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Class as calculated pursuant to step 3b, or (ii) the Assigned Special Tax A as identified in Table 1 of Section C for a Land Use Class that was not revised as determined pursuant to step 3a; as well as either (i) the revised Backup Special Tax A as calculated pursuant to Step 4, or (ii) the Backup Special Tax A as identified in Section C.2 that was not revised as determined pursuant to step 4 above.
6. If the anticipated date of issuance for the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-1 IA 3 shall execute the acknowledgement on such Certificate to Amend the Special Tax dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Class and the Backup Special Tax shall be as set forth in such Certificate to Amend the Special Tax. If the date of issuance of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate to Amend the Special Tax shall not be acknowledged by CFD No. 2022-1 IA 3 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to that expected date, steps 1 through 5 of this section shall be performed based on a new Price Point Study.
7. After the execution by CFD No. 2022-1 IA 3 of the acknowledgment on the Certificate to Amend the Special Tax, CFD No. 2022-1 IA 3 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-1 IA 3 reflecting the Assigned Special Tax A and the Backup Special Tax A for CFD No. 2022-1 IA 3 set forth in such Certificate to Amend the Special Tax.
8. If the Assigned Special Tax A is not required to be changed for any Land Use Class based on the calculations performed under Step 3 above, there shall be no reduction in the Assigned Special Tax A or Backup Special Tax A, and no Certificate to Amend the Special Tax shall be required.

H. TERM OF SPECIAL TAX

The Special Tax A shall be levied as long as necessary to meet the Special Tax Requirement for Facilities for a period not to exceed sixty (60) Fiscal Years commencing with Fiscal Year 2022-23, provided however that the Special Tax may cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined that all required interest and principal payments on all Outstanding Bonds have been paid.

The Special Tax B shall be levied in perpetuity as necessary to satisfy the Special Tax Requirement for Services.

I. EXEMPTIONS

The CFD Administrator shall classify as Exempt Property (i) Assessor's Parcels of Public Property, (ii) Assessor's Parcels of Property Owner Association Property, or (iii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, and (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement as determined reasonably by the CFD Administrator, provided that no such classification in (i) through (iv), inclusive, would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 3 to less than 9.48 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in CFD No. 2022-1 IA 3 to less than 9.48 Acres shall be classified as Provisional Property and will continue to be subject to the CFD No. 2022-1 IA 3 Special Taxes accordingly. Tax exempt status for the purpose of this paragraph will be assigned by the CFD Administrator in the chronological order in which property becomes eligible for classification as Exempt Property.

If the use of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in the first paragraph of Section I above that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

J. APPEALS

Any landowner who pays the Special Tax and claims the amount of the Special Tax levied on his or her Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error not later than thirty-six (36) months after first having paid the first installment of the Special Tax that is disputed. If following such consultation, the CFD Administrator determines that an error has occurred, then the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) Amend the Special Tax levy on the landowner's Assessor's Parcel(s) for the current Fiscal Year prior to the payment date,
- (ii) Require the CFD to reimburse the landowner for the amount of the overpayment to the extent of available CFD funds, or
- (iii) Grant a credit against, eliminate or reduce the future Special Taxes on the landowner's Assessor's Parcel(s) in the amount of the overpayment.

If following such consultation and action by the CFD Administrator the landowner believes such error still exists, such person may file a written notice of appeal with the Council. Upon the receipt of such notice, the Council or designee may establish such procedures as deemed necessary to undertake the review of any such appeal. If the Council or designee determines an error still exists, the CFD Administrator shall take any of the actions described as (i), (ii) and (iii) above, in order of priority, in order to correct the error.

K. INTERPRETATIONS

The Council or designee thereof shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguities and make determinations relative to the administration of the Special Tax and any landowner appeals. The decision of the Council or designee shall be final.

EXHIBIT A
CERTIFICATE TO AMEND THE SPECIAL TAX
CITY OF RICHMOND
COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE)
IMPROVEMENT AREA NO. 3
TAX REDUCTION CERTIFICATE

1. Pursuant to Section G of the Rate and Method of Apportionment for Improvement Area No. 3 of City of Richmond Community Facilities District No. 2022-1 (Point Molate) (the “RMA”), as attached to the Notice of Special Tax Lien, recorded in the Official Records of the County of Contra Costa as Instrument No. _____ on __/__/____, the City of Richmond (the “City”) hereby reduces the Assigned Special Tax A rates for Developed Property within CFD No. 2022-1 IA 3 set forth in Table 1 of the RMA.
2. The calculations made pursuant to Section G were based upon a Price Point Study that was received by the CFD Administrator on __/__/____.
3. The Information in Table 1 relating to the Assigned Special Tax A for Developed Property within CFD No. 2022-1 IA 3 shall be amended and restated as shown in Table A-1 below:

Land Use Class	Land Use Type	Assigned Special Tax A
1	Single Family Residential Property	\$[] per Residential Unit
2	Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
3	Mid-Rise Condominium Property	\$[] per Residential Unit
4	For-Rent Low-Rise Apartment/Townhome Property	\$[] per Residential Unit
5	For-Rent Mid-Rise Apartment Property	\$[] per Residential Unit
6	For-Rent Affordable Residential Property	\$[] per Residential Unit
7	Mixed-Use Non-Residential Property	\$[] per Square Foot
8	Neighborhood Retail Property	\$[] per Square Foot

4. The Backup Special Tax A for an Assessor’s Parcel of Developed Property shall equal \$[] per Acre for each Final Map as shown in Table A-2 below:
5. On each July 1, commencing on July 1, _____, the Assigned Special Tax A rates in Table A-1 and the Backup Special Tax A rates in 4 above shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

6. Upon execution of the certificate by the City and CFD No. 2022-1 IA 3, the City shall cause an amended Notice of Special Tax Lien for CFD No. 2022-1 IA 3 to be recorded reflecting the modifications set forth herein.

Submitted:

CFD ADMINISTRATOR

By: _____

Date: _____

By execution hereof, the undersigned acknowledges on behalf of CFD No. 2022-1 IA 3, receipt of this certificate and modification of the RMA as set forth in this certificate.

Improvement Area No. 3 of City of Richmond Community Facilities District No. 2022-1 (Point Molate).

By: _____

Date: _____

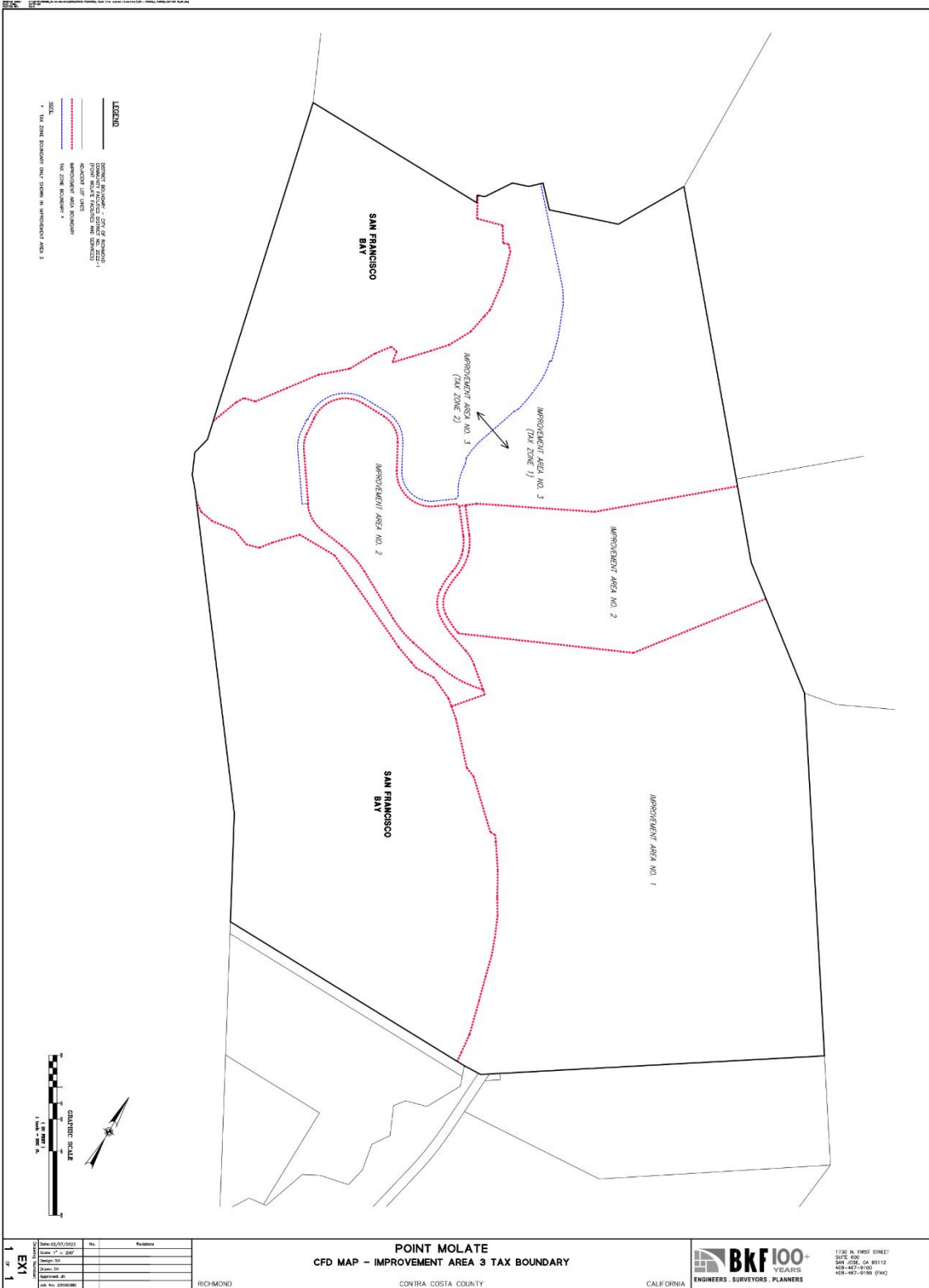
EXHIBIT B

ZONE DESCRIPTIONS

CITY OF RICHMOND

COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE)

IMPROVEMENT AREA NO. 3



01337.0021/775248.1

A-5

City of Richmond CFD No. 2022-1 Improvement Area 3, Tax Zone 1:

The land referred to herein is situated in the City of Richmond, Contra Costa County, State of California, and is described as follows:

Being all of Disposal Area 11, and a portion of Disposal Areas 1 and 2, as described in that certain Quitclaim Deed, recorded September 30, 2003, as Document Number 2003-0489200, Official Records of Contra Costa County, more particularly described as follows:

COMMENCING at the corner common to Disposal Areas 1 and 7, at a found 6-inch concrete monument with brass pin as shown on the Record of Survey filed for record February 12, 1985, in Book 76 of Licensed Land Surveyor's Maps at page 29 (76 LSM 29), Contra Costa County Records;

Thence along the easterly line of said Disposal Area 1, North 52°31'27" West, 881.77 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

Thence continuing along said easterly line, North 40°27'17" West, 483.42 feet to the POINT OF BEGINNING; Thence leaving said easterly line, the following 26 Courses:

- 1) South 49°32'42" West, 907.33 feet;
- 2) South 63°39'26" West, 734.51 feet;
- 3) South 52°02'09" West, 112.90 feet;
- 4) North 81°55'00" West, 21.66 feet;
- 5) North 36°29'24" West 32.00 feet;
- 6) North 08°56'12" East 21.20 feet to the beginning of a non-tangent curve to the right having a radius of 321.00 feet, from which the center bears North 54°22'04" East;
- 7) Northerly along said curve, through a central angle of 21°45'44", an arc length of 121.92 feet to a point of compound curvature having a radius of 471.00 feet;
- 8) Along said curve, through a central angle of 10°56'24", and arc length of 89.93 feet;
- 9) North 14°51'31" West 33.33 feet to the beginning of a non-tangent curve to the right having a radius of 479.00 feet from which the center bears South 89°01'35" East;
- 10) Northerly along said curve, through a central angle of 17°38'40", an arc length of 147.51 feet;
- 11) North 18°37'04" East 217.13 feet to the beginning of a tangent curve to the left having a radius of 1071.00 feet;
- 12) Along said curve, through a central angle of 2°48'02", an arc length of 52.35 feet;

13) North 24°32'51" East 30.21 feet to the beginning of a tangent curve to the left having a radius of 1076.00 feet;

14) Along said curve, through a central angle of 11°59'07", an arc length of 225.08 feet to the beginning of a

compound curve having a radius of 476.00 feet;

15) Along said curve, through a central angle of 16°37'44", an arc length of 138.15 feet;

16) North 75°36'46" East, 11.00 feet to the beginning of a non-tangent curve to the left having a radius of

487.00 feet from which the center bears South 75°36'46" West;

17) Northerly along said curve, through a central angle of 0°25'37", an arc length of 3.63 feet;

18) North 14°48'51" West, 127.36 feet to the beginning of a tangent curve to the left having a radius of 487.00 feet;

19) Along said curve, through a central angle of 06°53'29", an arc length of 58.58 feet;

20) North 21°42'20" West, 155.12 feet to the beginning of a tangent curve to the left having a radius of 437.00 feet;

21) Along said curve, through a central angle of 04°26'23", an arc length of 33.86;

22) South 47°51'31" West, 3.12 feet to the beginning of a non-tangent curve to the left having a radius of 434.00 feet from which the center bears South 63°58'06" West;

23) Northerly along said curve, through a central angle of 16°13'15", an arc length of 122.87 feet;

24) North 42°15'09" West, 598.77 feet to the beginning of a tangent curve to the right having a radius of

2016.00 feet;

25) Northerly along said curve, through a central angle of 00°55'33", an arc length of 32.58 feet to a point on the northerly line of Disposal Area 2

Thence along the northerly lines of Disposal Area 2 and 1, the following 5 courses:

1) North 46°25'17" East, 15.23 feet;

2) South 43°32'17" East, 172.14 feet;

3) North 71°22'13" East, 440.41 feet to a found 6-inch concrete monument with brass pin as shown on said

Record of Survey (76 LSM 29);

4) North 29°53'00" East, 471.52 feet to the most northerly corner, monumented by a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

5) South 40°27'17" East, 1,900.32 feet to the POINT OF BEGINNING.

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A-7

Containing an area of 48.916 acres, more or less.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 3, Epoch 2017.50, in accordance with California Public Resources Code Sections 8801-8819; said coordinates are based locally upon field-observed ties relative to California Spatial Reference Network Station p181. Distances are grid based. Divide by a combined scale factor of 0.99993778 to obtain ground distances.

City of Richmond CFD No. 2022-1 Improvement Area 3, Tax Zone 2:

The land referred to herein is situated in the City of Richmond, Contra Costa County, State of California, and is described as follows:

Being all of Disposal Area 12, and a portion of Disposal Areas 1 and 2, as described in that certain Quitclaim Deed, recorded September 30, 2003, as Document Number 2003-0489200 (2003-0489200), Official Records of Contra Costa County, also being portion of Disposal Areas 3 and 13, as described in that certain Quitclaim Deed, recorded March 29, 2010, as Document Number 2010-0060367 (2010-0060367), Official Records of Contra Costa County, more particularly described as follows:

COMMENCING at the corner common to Disposal Areas 1 and 7 (2003-0489200), at a found 6-inch concrete monument with brass pin as shown on the Record of Survey, filed for record February 12, 1985, in Book 76 of Licensed Land Surveyor's Maps at page 29 (76 LSM 29), Contra Costa County Records;

Thence along the easterly line of said Disposal Area 1 (2003-0489200), North 52°31'27" West, 881.77 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);

Thence continuing along said easterly line, North 40°27'17" West, 483.42 feet; Thence leaving said easterly line, the following 4 courses:

- 1) South 49°32'42" West, 907.33 feet;
- 2) South 63°39'26" West, 734.51 feet;
- 3) South 52°02'09" West, 112.90 feet;
- 4) North 81°55'00" West, 21.66 feet to the POINT OF BEGINNING;

Thence the following 21 courses:

- 1) South 53°30'36" West, 135.52 feet to the beginning of a tangent curve to the right having a radius of 216.00 feet;
- 2) Along said curve, through a central angle of 98°10'09", an arc length of 370.09 feet;
- 3) North 28°19'16" West, 177.39 feet to the beginning of a tangent curve to the left having a radius of 184.00 feet;
- 4) Along said curve, through a central angle of 60°11'38", an arc length of 193.31 feet;

- 5) North 88°30'54" West, 151.10 feet to the beginning of a tangent curve to the left having a radius of 214.00 feet;
- 6) Along said curve, through a central angle of 96°34'00", an arc length of 360.68 feet;
- 7) South 05°04'54" East, 111.85 feet to the beginning of a tangent curve to the left having a radius of 184.00 feet;
- 8) Along said curve, through a central angle of 29°49'18", an arc length of 95.77 feet;
- 9) South 34°54'12" East, 340.90 feet;
- 10) South 55°05'48" West, 3.00 feet to the beginning of a non-tangent curve to the left having a radius of 237.00 feet from which the center bears North 55°05'48" East;
- 11) Along said curve, through a central angle of 47°18'32", an arc length of 195.69 feet;
- 12) South 82°12'45" East, 152.36 feet to the beginning of a tangent curve to the right having a radius of 613.00 feet;
- 13) Along said curve, through a central angle of 20°33'41", an arc length of 219.98 feet;
- 14) South 61°39'04" East, 339.82 feet to the beginning of a tangent curve to the left having a radius of 687.00 feet;
- 15) Along said curve, through a central angle of 16°36'18", an arc length of 199.10 feet;
- 16) South 78°15'23" East, 202.54 feet to the beginning of a tangent curve to the left having a radius of 717.00 feet;
- 17) Along said curve, through a central angle of 25°53'29", an arc length of 324.00 feet to a point of compound curvature having a radius of 10.00 feet;
- 18) Along said curve, through a central angle of 30°21'58" an arc length of 5.30 feet;
- 19) South 50°14'43" East, 9.21 feet to the beginning of a tangent curve to the right having a radius of 2,378.00 feet;
- 20) Along said curve, through a central angle of 00°35'41", an arc length of 24.68 feet;
- 21) South 40°03'08" West, 220.75 feet to the Mean High-Water Line on the San Francisco Bay, as described in said Documents (2003-0489200) and (2010-0060367);

Thence along said Mean High-Water Line, the following meandered courses:

- 1) North 50°08'38" West, 59.75 feet;
- 2) North 65°40'23" West, 159.02 feet;
- 3) South 87°05'08" West, 81.89 feet;
- 4) South 88°40'35" West, 43.41 feet;

- 5) North 69°08'13" West, 41.08 feet;
- 6) North 70°31'40" West, 130.72 feet;
- 7) North 63°38'53" West, 63.02 feet;
- 8) North 65°08'48" West, 394.97 feet;
- 9) North 65°45'40" West, 239.27 feet;
- 10) North 89°37'59" West, 251.39 feet;
- 11) South 43°41'43" West, 176.37 feet;
- 12) South 37°41'46" West, 89.58 feet;
- 13) South 74°10'57" West, 84.01 feet;
- 14) North 69°51'46" West, 114.32 feet;
- 15) South 82°04'52" West, 150.24 feet;
- 16) North 80°48'14" West, 89.92 feet;
- 17) North 55°02'10" West, 73.24 feet;
- 18) North 37°12'35" West, 71.03 feet;
- 19) North 40°46'35" West, 92.69 feet;
- 20) North 23°46'35" West, 141.02 feet;
- 21) North 14°13'25" East, 112.55 feet;
- 22) North 12°54'43" West, 120.77 feet;
- 23) North 20°19'07" East, 184.00 feet;
- 24) North 31°36'12" East, 56.23 feet;
- 25) North 76°07'01" East, 74.51 feet;
- 26) North 36°37'57" East, 423.76 feet;
- 27) North 48°37'33" East, 202.39 feet;
- 28) North 28°47'25" East, 184.87 feet;
- 29) North 37°00'56" East, 110.11 feet;
- 30) South 78°46'11" East, 44.55 feet;
- 31) South 09°20'11" East, 73.63 feet;
- 32) North 42°49'56" East, 247.64 feet;
- 33) North 41°28'20" East, 125.88 feet;
- 34) North 28°14'49" East, 152.33 feet;
- 35) North 11°26' 02" East, 185.60 feet;

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- 36) North 06°29'48" West, 193.39 feet;
- 37) North 15°39'08" West, 190.81 feet;
- 38) North 43°11'00" West, 50.36 feet;
- 39) South 67°31'03" West, 34.66 feet;
- 40) North 31°52'36" West, 111.69 feet;
- 41) South 74°18'01" West, 165.85 feet;
- 42) North 27°56'02" West, 140.61 feet;
- 43) North 29°31'13" East, 7.81 feet to the northerly line of Disposal Area 12 (2003-048200);

Thence leaving said mean high water line, easterly along the northerly line of said Disposal Areas 12 and 2 (2003-048200), the following 4 courses:

- 1) North 71°12'58" East, 37.90 feet to a found 6-inch concrete monument with brass pin as shown on said Record of Survey (76 LSM 29);
- 2) North 33°13'32" East, 192.59 feet to a found 6-inch concrete monument with brass pin as shown on the said Record of Survey (76 LSM 29);
- 3) North 71°40'49" East, 104.55 feet;
- 4) North 46°25'17" East, 76.26 feet to a point on the northerly line of Disposal Area 2 (2003-048200) and the beginning of a non-tangent curve to the left having a radius of 2016.00 feet from which the center bears North 48°40'24" East;

Thence leaving said line thereof, the following 21 courses:

- 1) Southerly along said curve, through a central angle of 00°55'33", an arc length of 32.58 feet;
- 2) South 42°15'09" East, 598.77 feet to the beginning of a tangent curve to the right having a radius of 434.00 feet;
- 3) Along said curve, through a central angle of 16°13'15", an arc length of 122.87 feet;
- 4) South 47°51'31" West, 3.12 feet to the beginning of a non-tangent curve to the right having a radius of 437.00 feet from which the center bears South 63°51'17" West;
- 5) Along said curve, through a central angle of 04°26'23", an arc length of 33.86;
- 6) South 21°42'20" East, 155.12 feet to the beginning of a tangent curve to the right having a radius of 487.00 feet;
- 7) Along said curve, through a central angle of 06°53'29", an arc length of 58.58 feet;

- 8) South $14^{\circ}48'51''$ East, 127.36 feet to the beginning of a tangent curve to the right having a radius of 487.00 feet;
- 9) Along said curve, through a central angle of $00^{\circ}25'37''$, an arc length of 3.63 feet
- 10) South $75^{\circ}36'46''$ West, 11.00 feet to the beginning of a non-tangent curve to the right having a radius of 476.00 feet from which the center bears South $75^{\circ}36'46''$ West;
- 11) Along said curve, through a central angle of $16^{\circ}37'44''$, an arc length of 138.15 feet to the beginning of a compound curve having a radius of 1076.00 feet;
- 12) Along said curve, through a central angle of $11^{\circ}59'07''$, an arc length of 225.08 feet;
- 13) South $25^{\circ}32'51''$ West, 30.21 feet to the beginning of a non-tangent curve to the right having a radius of 1071.00 feet from which the center bears North $74^{\circ}10'58''$ West;
- 14) Southerly along said curve, through a central angle of $2^{\circ}48'02''$, an arc length of 52.35 feet;
- 15) South $18^{\circ}37'04''$ West, 217.16 feet to the beginning of a tangent curve to the right having a radius of 479.00 feet;
- 16) Along said curve, through a central angle of $17^{\circ}38'40''$, an arc length of 147.51 feet;
- 17) South $14^{\circ}51'31''$ East, 33.33 feet to the beginning of a non-tangent curve to the left having a radius of 471.00 feet from which the center bears North $87^{\circ}04'12''$ West;
- 18) Southerly along said curve, through a central angle of 105624 , 89.93 feet to a point of compound curvature having a radius of 321.00 feet;
- 19) Southerly along said curve, through a central angle of $21^{\circ}45'44''$, an arc length of 121.92 feet;
- 20) South $08^{\circ}56'12''$ West 21.20 feet;
- 21) South $36^{\circ}29'24''$ East, 32.00 feet to the POINT OF BEGINNING.

Containing an area of 43.172 acres, more or less.

The basis of bearings for this description is based upon the California Coordinate System of 1983, CCS83, Zone 3, Epoch 2017.50, in accordance with California Public Resources Code Sections 8801-8819; said coordinates are based locally upon field-observed ties relative to California Spatial Reference Network Station p181. Distances are grid based. Divide by a combined scale factor of 0.99993778 to obtain ground distances.

RESOLUTION NO. ____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA, OF INTENTION TO INCUR BONDED INDEBTEDNESS WITHIN THE CITY OF RICHMOND COMMUNITY FACILITIES DISTRICT NO. 2022-1 (POINT MOLATE), AND EACH OF THE THREE IMPROVEMENT AREAS THEREIN

WHEREAS, upon receipt of a written request signed by two members of the City Council (the "City Council") of the City of Richmond, California (the "City"), as provided in Government Code section 53318(a), which constitutes part of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the City Council instituted proceedings to form the City of Richmond Community Facilities District No. 2022-1 (Point Molate) (the "Community Facilities District" or "CFD No. 2022-1"), and to designate three improvement areas therein, pursuant to the Act, and adopted a resolution of intention to establish CFD No. 2022-1 and to designate the three improvement areas therein on the date hereof (the "Resolution of Intention") and to finance the Facilities, Services and Incidental Expenses as more fully set forth in Exhibit B to the Resolution of Intention; and

WHEREAS, in order to finance the Facilities and Incidental Expenses, the City Council intends to authorize the issuance of bonds from the Community Facilities District in the maximum aggregate amount not to exceed \$292,000,000, consisting of \$61,000,000 for Improvement Area No. 1 of the Community Facilities District, \$47,000,000 for Improvement Area No. 2 of the Community Facilities District and \$184,000,000 for Improvement Area No. 3 of the Community Facilities District (collectively, the "Bonds"). The repayment of the Bonds is to be made from special taxes levied in accordance with Section 53340 of the Act on all property in the applicable improvement area, other than those properties exempted from taxation in the rate and method of apportionment of special tax for the applicable improvement area, as set forth in Exhibits C, D and E to the Resolution of Intention;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RICHMOND THAT:

Section 1. Each of the above recitals is true and correct, as are the recitals in Resolution No. ____, adopted herewith. This Resolution incorporates the provisions of Resolution No. ____ and is subject to the terms and conditions thereof.

Section 2. It is necessary to incur bonded indebtedness within the boundaries of the Community Facilities District in the maximum aggregate amount not to exceed \$292,000,000, consisting of \$61,000,000 for Improvement Area No. 1 of the Community Facilities District, \$47,000,000 for Improvement Area No. 2 of the Community Facilities District and \$184,000,000 for Improvement Area No. 3 of the Community Facilities District, in order to finance certain of the costs of the Facilities and Incidental Expenses, as permitted by the Act.

Section 3. The indebtedness will be incurred in one or more series within each improvement area for the purpose of financing the costs of the Facilities and the Incidental Expenses, including, but not limited to, the funding of reserve funds for the Bonds, the financing of costs associated with the issuance of the Bonds and all other costs and expenses necessary to finance the Facilities which are permitted to be financed pursuant to the Act. The proceeds of Bonds secured by the special taxes of an improvement area may be used to finance any of the

Facilities (and capital fees to finance Facilities), regardless of the physical location of the Facilities or the area that paid the fees.

Section 4. It is the intent of the City Council to authorize the sale of the Bonds in one or more series per improvement area in the maximum aggregate amount set forth in Section 2, and which Bonds may bear interest at a rate not in excess of the maximum rate permitted by law at the time that the Bonds are sold. The term of the Bonds of each series shall be determined pursuant to a resolution of this City Council authorizing the issuance of the Bonds of such series, but such term shall in no event exceed 40 years from the date of issuance of the Bonds of such series, or such longer term as is then permitted by law.

Section 5. A combined public hearing (the "Hearing") on the proposed debt issue and the levy of special taxes shall be held at 5:00 p.m. or as soon thereafter as practicable, on April 19, 2022, at the City Council's Chambers, 450 Civic Center Plaza, Richmond, California.

Section 6. At the time and place set forth in this Resolution for the Hearing, any interested persons, including all persons owning land or registered to vote within the proposed Community Facilities District, may appear and be heard.

Section 7. The City Clerk is hereby directed to publish a notice of the Hearing (the "Notice") pursuant to Section 6061 of the Government Code in a newspaper of general circulation published in the area of the proposed Community Facilities District. Such publication shall be completed at least seven days prior to the date of the Hearing.

Section 8. This Resolution shall be effective upon its adoption.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Richmond held on the 15th day of March, 2022.

Tom Butt,
Mayor

ATTEST:

Pamela Christian,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF CONTRA COSTA) ss.
CITY OF RICHMOND)

I, _____, City Clerk and ex-officio Clerk of the City Council of the City of Richmond, California, do hereby certify that the whole number of the members of the City Council is five; that the above and foregoing Resolution No. ____ was duly and regularly passed and adopted at a regular meeting of the City Council held on the 15th day of March, 2022 by the following vote:

COUNCILPERSONS AYES: _____()

COUNCILPERSONS NOES: _____()

COUNCILPERSONS ABSTAINED: _____()

COUNCILPERSONS ABSENT: _____()

Pamela Christian,
City Clerk

Revised Security Fund Analysis with Strategic Economics Home Sales Prices

▶ Assumptions

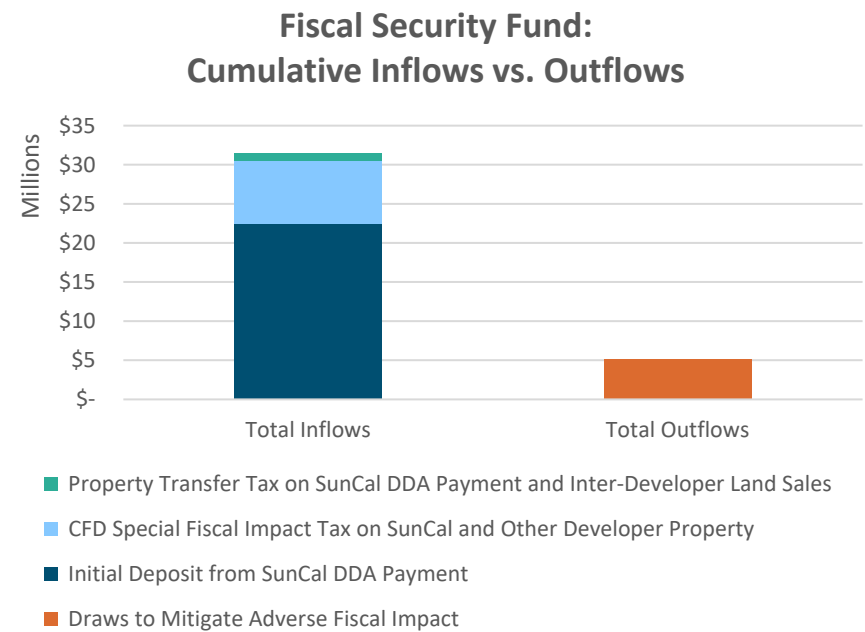
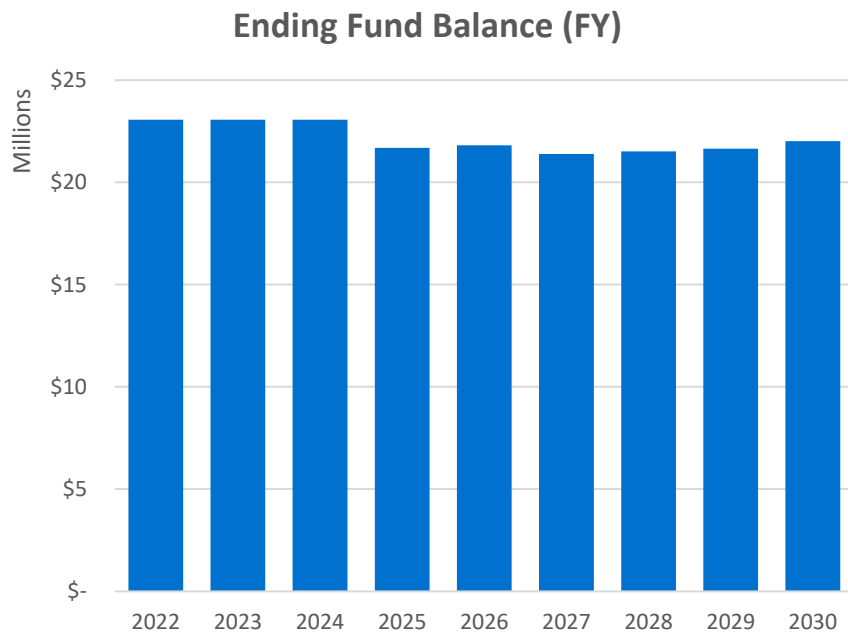
- ▶ Use homes sales prices from the Strategic Economics study done for the Point Molate Alliance and September 8, 2020
 - ▶ These home sales price assumptions are significantly lower than those assumed by BAE in their June 29, 2020 study and by Integra in their February 7, 2022 study
- ▶ Use the same fiscal model prepared by EPS and refined by BAE, but with the Strategic Economics homes sales prices
- ▶ Keep the “Security Fund” proposed fiscal impact mitigation measure in the analysis
- ▶ Analyze 7 year, 15 year and 30 year build out scenarios

Comparing the Projected Homes Sales Price for Point Molate

Consultant	EPS Study/BAE review	Strategic Economics	Integra
Date of study	6/29/20	9/8/20	2/7/22
Product Type			
Single family	1,400,000	1,088,200	1,800,000
Low rise townhomes	1,175,000	652,700	1,300,000
Mid rise condo's	1,250,000	521,000	1,350,000
Low rise apartments	400,000	400,000	400,000
Mid rise apartments	450,000	450,000	450,000

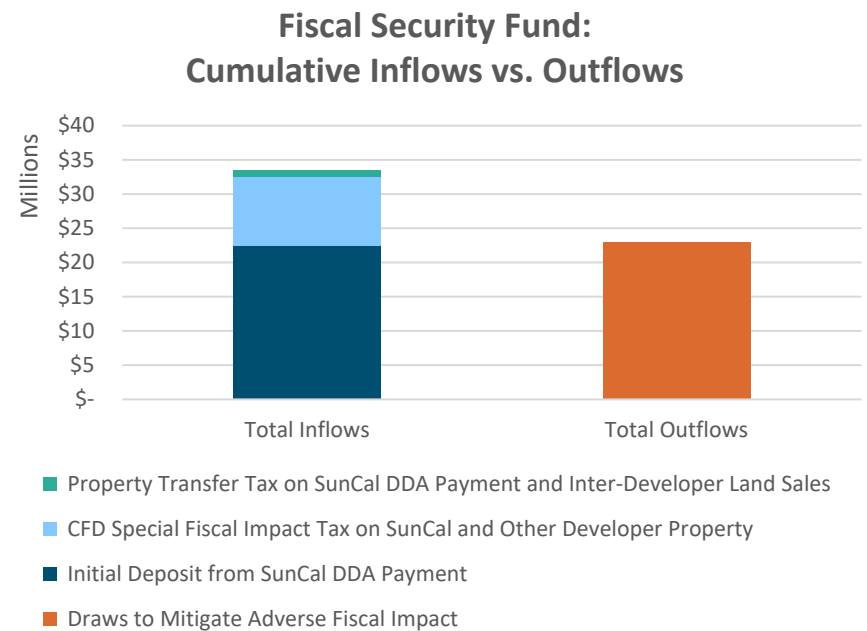
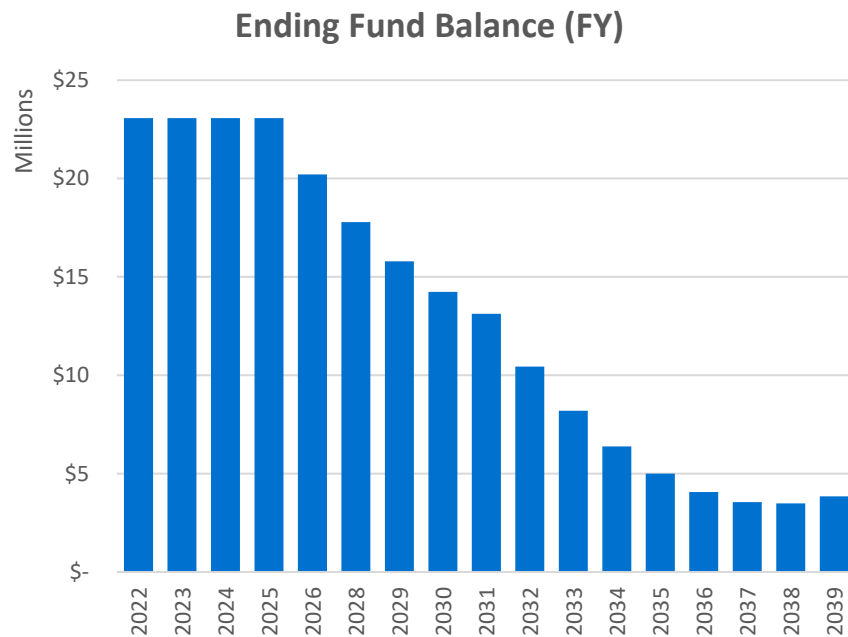
How the Fiscal Security Fund Works: 7 Year Build Out (SunCal scenario and Strategic Economics Home Sales Prices)

- ▶ Cross-over in FY 2030
- ▶ 207 units per year
- ▶ Any negative fiscal impact is fully mitigated during build out, with potential release of the Fiscal Security Fund in FY 2030
- ▶ Security Fund is used to pay back the General Fund for any negative fiscal impact



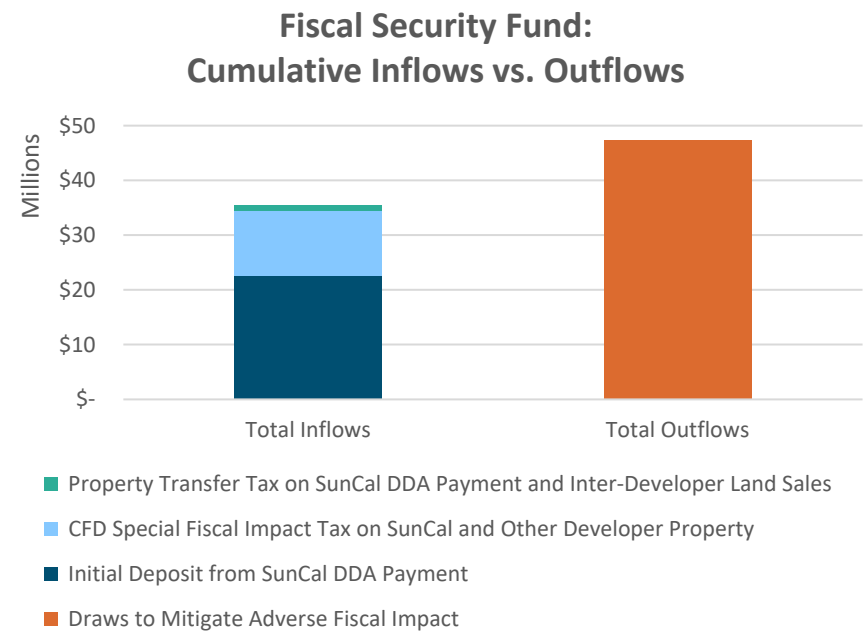
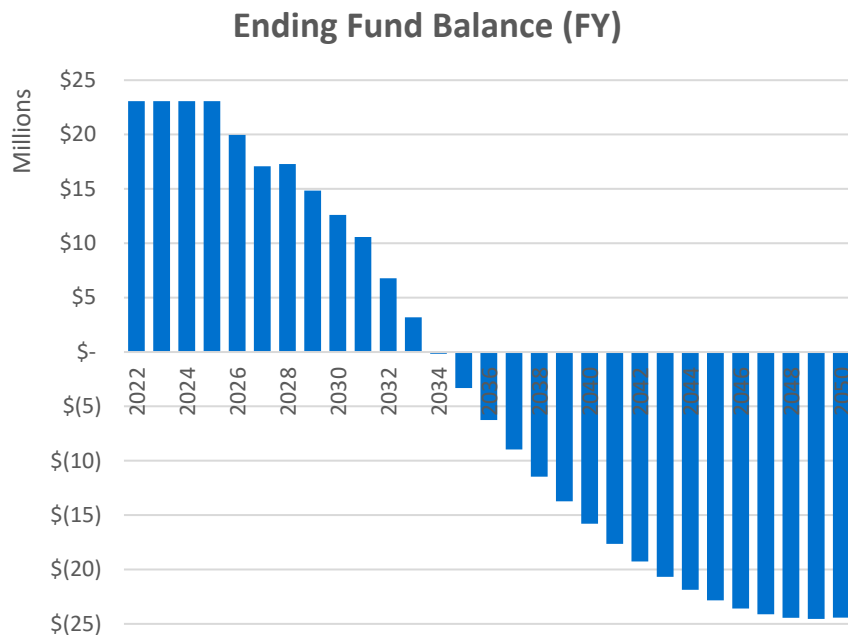
How the Fiscal Security Fund Works: 15 Year Build Out (more conservative scenario and Strategic Economics Home Sales Prices)

- ▶ Cross-over in FY 2039
- ▶ 97 units per year
- ▶ Fiscal impact is fully mitigated during build out, with potential release of the Fiscal Security Fund in FY 2039
- ▶ Security Fund is used to pay back General Fund for any negative fiscal impact



How the Fiscal Security Fund Works: 30 Year Build Out (very conservative scenario and Strategic Economics Home Sales Prices)

- ▶ Cross-over in FY 2050
- ▶ 48 units per year
- ▶ Fiscal impact is not mitigated during build out, with potential release of the Fiscal Security Fund in FY 2039
- ▶ Security Fund is fully depleted by FY 2034, resulting in negative impact to General Fund through FY 2049



Conclusion: The Combination of the Strategic Economics Homes Sales Prices and a 30 Year Build Out Results in Negative Fiscal Impact

- ▶ Use of Strategic Economics home sales prices with 7 year and 15 year build results in positive fiscal impact
- ▶ Use of Strategic Economics home sales prices with a 30 year build out results in negative fiscal impact

From Gayle



STRATEGICECONOMICS

MEMORANDUM

To: Point Molate Alliance

From: Sujata Srivastava, Principal
Derek W. Braun, Senior Associate

Date: September 8, 2020

Project: Peer Review of the "Richmond Point Molate Fiscal and Economic Impact Analysis"

Subject: Summary of Research and Findings

Annual loss 4.4M
20yr bld out

Executive Summary

Strategic Economics conducted market research to determine appropriate and reasonable home sales price, home sales pace, and sales tax capture rate assumptions for the "Proposed Project" in developer SunCal's "Richmond Point Molate Fiscal and Economic Impact Analysis."

Strategic Economics concludes that the Proposed Project would generate an annual loss of \$4.4 million for the City of Richmond General Fund upon completion of the fourth year of project construction. Full buildout of the project will require twenty years based on the pace of sales at comparable development projects, instead of the nine years assumed in the previous SunCal analysis.

The Proposed Project is likely to generate annual losses for the General Fund throughout much of the project's construction. While the losses are likely to gradually become smaller as additional housing units can be built and sold, the total net losses to the City's General Fund over the twenty years of project construction are likely to be in the tens of millions of dollars.

Upon completion of the Proposed Project in twenty years, the project will generate an essentially break-even annual impact on the General Fund. As a result, the Proposed Project is unlikely to significantly compensate for annual General Fund losses generated by the project during its construction.

These conclusions are based on applying reasonable, market-based assumptions for the Proposed Project regarding home sales prices, the pace of home sales, and the City of Richmond's capture of sales tax revenues to estimate the project's impact on General Fund revenues and service costs.

As a result, Strategic Economics finds that specific assumptions used by the project developer SunCal in its fiscal impact analysis were unreasonable. Use of these assumptions in the SunCal analysis therefore resulted in inaccurate estimates of annual General Fund fiscal impacts described in SunCal's "Richmond Point Molate Fiscal and Economic Impact Analysis," dated June 17, 2020, for the "Proposed Project" based on SunCal's preferred land use plan for the site.

Supporting materials recently issued by the City of Richmond for Agenda Item G-2 of the Richmond City Council's September 8, 2020 meeting indicate that the final count of housing units by type in the

City's Disposition and Development Agreement with Winehaven Legacy LLC could potentially vary slightly from those analyzed in both Strategic Economics' and SunCal's analyses. However, those changes are unlikely to significantly impact Strategic Economics' overall finding that the project will generate annual General Fund losses throughout much of the project's buildout. The DDA's change in housing unit counts and mix also does not alter Strategic Economics' findings regarding reasonable and appropriate assumptions applicable to home sales prices, the pace of home sales, and sales tax capture rates.

EXECUTIVE SUMMARY OF BASIS FOR FINDINGS BY STRATEGIC ECONOMICS:

1. After incorporating adjustments to the SunCal Winehaven Analysis based on the findings below, Strategic Economics found that the Proposed Project is likely to **generate a net negative annual fiscal impact to the City of Richmond General Fund at the end of the four-year "Initial Development" period**, negative annual fiscal impacts throughout much of the project's construction, and a **neutral impact upon full buildout of the project**. Table 1 shows annual net negative revenue of **\$4.4 million after completion of the fourth year** of construction, and of approximately **\$150,000 upon full project completion**. \$150,000 is essentially a neutral impact, and it is therefore likely that annual General Fund revenues would be negative throughout much of the project's construction.
2. The SunCal Winehaven Analysis' use of a **"static" approach** to fiscal impact analysis provides limited information about fiscal impacts to the City of Richmond during construction of the project, and about the impacts of municipal service cost increases over time. A static approach to fiscal impact analysis **only examines revenues and expenditures at a specific point in time**. Although the static approach is a commonly used and **accepted** means of conducting a fiscal impact analysis, it is **not useful for fully illustrating potential fiscal risks to the City of Richmond**. Unlike a **"dynamic" approach**, a static analysis cannot readily incorporate **variations in absorption over time** and **increases in municipal service costs and appreciation of property values**.
3. Sales of ownership housing units at Point Molate are likely to occur more slowly than assumed in the SunCal Winehaven Analysis; slower housing unit sales will increase the risk of negative fiscal impacts to the City of Richmond's General Fund. Based on review of recently completed housing development projects, Strategic Economics found that absorption of the Proposed Project's condominium, townhome, and single family housing units is likely to occur at approximately **half the pace assumed in the SunCal Winehaven Analysis**. As a result, completion of the project **would occur over 20 years instead of nine**, and negative annual General Fund impacts would also occur for a longer period of time since the City would still be responsible for providing a baseline level of municipal services to the area.
4. **Home sales prices are likely to be lower** than assumed in the SunCal Winehaven Analysis due to several site-specific factors and high cost burdens for local infrastructure and operations. Strategic Economics determined that sales prices of single family homes, condominiums, and townhomes at Point Molate are likely to be substantially lower than assumed in the SunCal Winehaven Analysis due to: **proximity to the Chevron Richmond Refinery**, likely **high assessments or special taxes to fund area infrastructure and operations**, the area's **limited access**, limited and **uncertain on-site amenities**, and **fire risk and related insurance costs/access**.

static not catch
 • variation absorp
 • increase muni service
 • appreciation prop

sales low
 1) Refinery
 2) special taxes
 3) limited access
 4) market risk
 5) fire risk

5. As a result of these lower home sales prices, Strategic Economics estimates that **property tax and related revenues will be substantially lower** than was estimated by the SunCal Winehaven Analysis. As shown in Table 1, property taxes, property tax pension obligation revenue, property taxes in lieu of vehicle license fees, and property transfer taxes are all estimated to be 43 percent to 63 percent lower than in the SunCal Winehaven Analysis upon full buildout of the project. *43-63% below SunCal*
6. Lower housing sale prices also increase the risk that the City of Richmond will be responsible for funding a greater share of infrastructure and operations at Point Molate. Given the reduced housing values, Strategic Economics found that **total taxes, fees, and assessments would exceed two percent of housing unit values**. At this level, **homes would be unlikely to sell**, and infrastructure **bond financing capacity would be reduced**. As a result, the City of Richmond is at risk of bearing higher than anticipated operations and maintenance costs and infrastructure construction costs. Strategic Economics accounted for this risk by assuming the "Project Services Community Facilities District" annual expense from the SunCal Winehaven Analysis was borne by the City of Richmond rather than future property owners, as shown in Table 1.
7. Sales tax revenues are likely to be lower than estimated in the SunCal Winehaven Analysis because the City of Richmond is likely to capture a lower than assumed share of household spending. Based on analysis of retail supply in Richmond and surrounding communities, Strategic Economics found that the City of Richmond is likely to capture **20 percent of taxable sales generated by new households at Point Molate**, rather than the 45 percent assumption used in the SunCal Winehaven Analysis.

Need to set special tax to deal w/ this

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TABLE 1: COMPARISON OF RICHMOND GENERAL FUND ANNUAL REVENUES AND EXPENDITURES, STRATEGIC ECONOMICS (SE) ANALYSIS VERSUS SUNCAL WINEHAVEN ANALYSIS

	SE Analysis		SunCal Winehaven Analysis		Change (Number)		Change (Percent)	
	Initial Development (year 4)	Buildout (20 years)	Initial Development (year 4)	Buildout (9 years)	Initial Development (year 4)	Buildout	Initial Development (year 4)	Buildout
General Fund Revenue								
Property Tax	\$804,400	\$2,796,100	\$2,725,700	\$4,885,100	(\$1,921,300)	(\$2,089,000)	-70%	-43%
Total Property Tax Pension Obligation Revenue	\$395,000	\$1,373,000	\$1,338,400	\$2,398,800	(\$943,400)	(\$1,025,800)	-70%	-43%
Property Tax In-Lieu of VLF	\$167,600	\$582,600	\$567,900	\$1,017,900	(\$400,300)	(\$435,300)	-70%	-43%
Property Transfer Tax	\$330,000	\$1,007,800	\$1,623,200	\$2,734,900	(\$1,293,200)	(\$1,727,100)	-80%	-63%
Sales Tax	\$54,900	\$417,200	\$301,400	\$679,600	(\$246,500)	(\$262,400)	-82%	-39%
Other Revenue	\$565,000	\$1,067,600	\$565,000	\$1,067,600	\$0	\$0	0%	0%
Total Annual GF Revenue	\$2,316,900	\$7,244,300	\$7,121,600	\$12,783,900	(\$4,804,700)	(\$5,539,600)	-67%	-43%
General Fund Expenditures								
Infrastructure and Maintenance Operations	\$186,700	\$352,900	\$186,700	\$352,900	\$0	\$0	0%	0%
Fire Department	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$0	\$0	0%	0%
Library & Cultural Services	\$115,400	\$182,100	\$115,400	\$182,100	\$0	\$0	0%	0%
Community Services	\$121,600	\$191,800	\$121,600	\$191,800	\$0	\$0	0%	0%
Police Department	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$0	0%	0%
General Government	\$48,300	\$91,400	\$48,300	\$91,400	\$0	\$0	0%	0%
Project Services CFD Transfer to City	\$1,076,400	\$1,076,400	\$0	\$0	\$1,076,400	\$1,076,400	n/a	n/a
Total Annual GF Expenditures	\$6,748,400	\$7,094,600	\$5,672,000	\$6,018,200	\$1,076,400	\$1,076,400	19%	18%
Net Annual General Fund Revenue	(\$4,431,500)	\$149,700	\$1,449,600	\$6,765,700	(\$5,881,100)	(\$6,616,000)	-406%	-98%

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

Note: The "SE Analysis" results reflect revised revenue estimates that incorporate revised assumptions described in this memo, including: slower pace of absorption of ownership housing units, reduced ownership housing values, and reduced sales tax capture rates for spending by new households.

Introduction

This memorandum describes the conclusions of Strategic Economics' peer review of the fiscal impact analysis described in the report "Richmond Point Molate Fiscal and Economic Impact Analysis," hereafter referred to as the "SunCal Winehaven Analysis." That report was prepared by Economic & Planning Systems, Inc. (EPS) for Winehaven Legacy LLC (a subsidiary of SunCal), and dated June 17, 2020.¹

The SunCal Winehaven Analysis estimated changes in the City of Richmond's annual General Fund revenues and expenditures associated with three development scenarios at Point Molate.² The scenarios included a "Proposed Project" based on Winehaven Legacy LLC's preferred land use plan for the Point Molate site, per their entitlement application to the City of Richmond. The SunCal Winehaven Analysis estimated annual fiscal impacts at the end of an "Initial Development" period covering the first four years of development, and for full "Buildout" of the project within a total development period of seven to nine years.

Point Molate Alliance (PMA) and Citizens for East Shore Parks (CESP) retained Strategic Economics to review specific assumptions and approaches used in the SunCal Winehaven Analysis for the Proposed Project, and to provide a revised estimate of revenues and net revenues based on any adjustments deemed necessary by Strategic Economics based on market research. The assumptions and approaches reviewed or revised by Strategic Economics included:

1. Use of a "static" approach to the analysis
2. Valuation assumptions for the housing units
3. Absorption assumptions for the housing units
4. Sales tax capture rate assumptions

PMA and CESP also requested that Strategic Economics render an opinion as to the appropriateness of sources used by Hatch Associates Consultants to develop hotel performance and valuation estimates as part of a separate fiscal impact analysis completed for PMA and CESP. The results of that analysis were described in original and revised reports titled "Point Molate Fiscal Impact Analysis" (dated July 2019) and "Point Molate Updated Fiscal Impact Analysis" (dated May 1st, 2020). That analysis estimated changes in City of Richmond General Fund revenues and expenditures associated with development based on a "Community Proposal" and two versions of the SunCal / Winehaven Legacy LLC proposal.

Table 2 shows the housing units and commercial square feet of the "Proposed Project" analyzed by both the SunCal Winehaven Analysis and Strategic Economics.

¹ That report and its findings are referred to throughout this memo as the "SunCal Winehaven Analysis," while the revised analysis and findings completed by Strategic Economics are attributed to Strategic Economics or described as the "SE Analysis" results.

² The SunCal Winehaven Analysis also estimated the economic impacts of construction for each of the three development scenarios.

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TABLE 2: DESCRIPTION OF THE "PROPOSED PROJECT" ANALYZED BY THE SUNCAL WINEHAVEN ANALYSIS AND STRATEGIC ECONOMICS

	Buildout (Units/Sf.)	
Residential		
For Sale		
Single Family /Low Density	185	251
Low-Rise Apartments & Townhomes	173	387
Mid-Rise Apartments & Condominiums	802	521
Subtotal, For Sale	1,160	
For Rent		
Low-Rise Apartments	68	
Mid-Rise Apartments	157	
Affordable Housing	67	
Subtotal, For Rent	292	
Total Housing Units	1,452	
Nonresidential		
Restaurant/Retail	55,000	
Commercial (office)	383,774	
Public Use	15,000	
Total Square Feet	453,774	

Source: SunCal Winehaven Analysis, 2020.

The City of Richmond recently released a draft Disposition and Development Agreement (DDA) with Winehaven Legacy LLC as part of the supporting documents for agenda item G-2 of the September 8, 2020 City Council meeting. The DDA refers to a housing unit mix and count comparable to that shown in Table 2 in the DDA's reference to the "Final Point Molate Mixed-Use Development Plan Subsequent Environmental Impact Report."³ However, Exhibit 2.5.1 of the DDA also includes a variation of the housing unit count and mix in its documentation of the development impact fee analysis and "Estimated Effective Tax Rate" analysis. As shown on page 28 of that exhibit, the number of single family homes was increased to 251, with decreases of multi-family ownership units to 387 low-rise housing units and 521 mid-rise units.

These changes to the housing unit count and mix are unlikely to significantly impact Strategic Economics' finding that the Point Molate development project will generate annual General Fund losses throughout much of the project's buildout. The change in housing unit counts and mix also do not alter Strategic Economics' basic findings regarding limitations of a "static" fiscal impact analysis, reasonable valuation and absorption assumptions for ownership housing units, and reasonable sales tax capture rate assumptions.

The remainder of this memo describes Strategic Economics' findings.

³ Appendix page A-3 of the "Disposition and Development Agreement for Point Molate Mixed-Use Development by and between the City of Richmond and Winehaven Legacy LLC," accessed at <http://sireweb.ci.richmond.ca.us/sirepub/cache/2/ps2kcooixhd45fpm35of3vhh/5991730907202002031037.PDF>

Limitations of Using a Static Approach to the Analysis

The SunCal Winehaven Analysis used a 'static' approach to estimate future annual Richmond General Fund revenues and expenses associated with the Proposed Project. A static approach allows for comparison of revenues and expenses at a single point in time; in the SunCal Winehaven Analysis, annual revenues and expenses were compared for an "Initial Development" period and for full "Buildout" of the project.

Although this approach is one of two widely used and accepted approaches to fiscal impact analysis, the static approach cannot readily incorporate assumptions regarding increases in municipal service costs or appreciation in assessed values over time. As a result, the SunCal Winehaven Analysis held current municipal service costs and assessed values constant rather than analyzing likely cost escalation and appreciation in assessed values over time.

Due to its use of the static approach to fiscal impact analysis, the SunCal Winehaven Analysis is limited in its ability to provide useful information about financial risks during buildout of the Proposed Project. These limitations include:

- The analysis does not provide information regarding whether and for how long the project will generate negative fiscal impacts to the General Fund during the development period;
- The analysis does not estimate the potential outcome of different growth rates in municipal expenditures (such as police and fire salary increases) to serve the project versus revenues generated by the project;
- The analysis does not illustrate potential negative fiscal impacts associated with slower buildout and absorption of residential and commercial space.

Use of an alternative 'dynamic' approach to fiscal impact analysis—in which project buildout and associated costs, assessed valuations, and revenues are estimated on a year-by-year basis—could have addressed these limitations and provided more useful and actionable findings for the City of Richmond.

Housing Unit Absorption

The pace of housing unit completion and absorption assumed in the SunCal Winehaven Analysis is optimistic relative to the performance of recently built projects. Strategic Economics examined the pace of sales at several recently completed condominium projects in Oakland, Emeryville, and Richmond, shown in Table 3. As shown, typical average monthly absorption of condominium units ranged between 1.7 and nine units per month, with an overall average of 3.15 sales per month. The SunCal Winehaven Analysis assumed that 516 condominium housing units would be completed and absorbed within four years, and another 459 by the conclusion of the total seven- to nine-year development period. This translates to average monthly sales of 11 units in the first four years, and nearly eight units per month in the following five years.

9 per mo

Based on recently completed condominium projects, Strategic Economics estimates that absorption of condominium units in the Proposed Project is more likely to occur at an average pace of approximately four units per month. At that pace, the Proposed Project's 975 condominium units

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would require approximately 20 years to sell, and only 192 units would have sold within the first four years of project construction (see Table 4).

Based on review of home sales data in Richmond, Strategic Economics also found that the area is an unproven market for absorption of large numbers of newly built large, single family luxury homes. After consideration of this issue as well as the condominium absorption data and Point Molate site's drawbacks described in the "Valuation of Housing Units" section of this memo, Strategic Economics estimated that Point Molate is likely to absorb single family homes at a pace of approximately two per month, requiring eight years for these homes to fully sell.

A slower pace of absorption of housing units would substantially increase the risk that the Proposed Project would generate lower or negative General Fund revenues for the City of Richmond for a longer period of time. The SunCal Winehaven Analysis estimated that approximately 85 percent of revenues generated by the Proposed Project were associated with property tax or property-tax related sources; slower absorption would slow the growth of the assessed values on which these revenues are based. Meanwhile, the City of Richmond would still incur annual costs for providing a baseline level of municipal services to Point Molate, including fixed costs for operating the new fire substation referenced on page 39 and Table C-4 on page 3-C-4 of the SunCal Winehaven Analysis.

TABLE 3: ABSORPTION OF REPRESENTATIVE RECENTLY COMPLETED CONDOMINIUM PROJECTS IN OAKLAND AND RICHMOND

Property Name	Property Address	City	Unit Type	Avg Monthly Absorption	# of Homes	Date on Market
Ice House	850 West Grand Ave	Oakland	Condominium	4	126	May 2018
Station House	1401 Wood St	Oakland	Condominium	9	171	May 2016
The Emerson Oakland	6465 San Pablo Ave	Oakland	Condominium	1.7	33	November 2016
Station House South	1818 14th St	Oakland	Condominium	2.4	47	May 2018
Element	989 41st St	Oakland	Condominium	1.6	44	February 2018
Waterline (a)	101 Seacliff Dr	Richmond	Condo/ Townhome	2.5	60	April 2019

Source: Polaris Pacific, July 2020; Waterline sales website (<https://www.sheahomes.com/new-homes/california/bay-area/point-richmond/waterline/>), August 26, 2020; Strategic Economics, 2020.

(a) Insufficient data was available to definitively determine absorption of units at Waterline. As of August 26, 19 homes were still available, suggesting absorption-to-date of 41 homes. Depending on when sales began, the average pace of sales at Waterline likely ranges between 1.1 and 2.5 per month.

TABLE 4: COMPARISON OF YEARS TO FULL BUILDOUT OF OWNERSHIP HOUSING PRODUCT TYPES BASED ON STRATEGIC ECONOMICS (SE) AND SUNCAL WINEHAVEN ANALYSIS ABSORPTION ASSUMPTIONS

	SE Analysis			SunCal Winehaven Analysis	
	Total Units at Buildout	Units Per Month	Years to Buildout	Units Per Month	Years to Buildout
Single Family /Low Density	185	2	8	4	4
Ownership Condo/Townhome	975	4	20	9	9

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

Valuation of Housing Units

Strategic Economics analyzed comparable housing sales and site-specific factors that will impact housing values at Point Molate in order to determine an appropriate valuation of the Proposed Project's ownership housing units. The following sub-sections detail the factors and calculations applied by Strategic Economics. Ultimately, Strategic Economics arrived at housing unit valuations that were 78 percent, 56 percent, and 42 percent of those applied in the SunCal Winehaven Analysis for single family/ low density homes, low-rise apartments/ townhomes, and mid-rise apartments/ condominiums, respectively.

The Strategic Economics analysis also found that these lower property valuations are likely to result in total taxes and assessments exceeding two percent of the home sales prices. As a result, home sales prices are likely to further decline due to buyers being reluctant to pay high tax rates. High tax and fee burdens also increase the risk that the City of Richmond will need to bear many of the costs expected to be covered through a community facilities district or other funding and financing mechanism.

FACTORS IMPACTING VALUATION OF OWNERSHIP HOUSING UNITS

Strategic Economics determined that several factors are likely to reduce attainable home sales prices at Point Molate. Although the site's unique waterfront setting and access to natural and recreation amenities will positively impact the homes' desirability, interviews with realtors and Strategic Economics' review of the site and Proposed Project characteristics found the following issues are likely to negatively impact home values:

- **Limited access:** Access will remain limited to a single road in and out of Point Molate, creating buyer concerns regarding traffic congestion, limited public transportation options, and evacuation capacity.
- **Limited and uncertain amenities:** Although the Proposed Project incorporates retail and other commercial uses, uncertainty exists as to whether and when adequate amenities would be built both for day-to-day household shopping needs and for other retail, dining, and entertainment.
- **Fire risk and insurance costs/access:** The Proposed Project's isolation and proximity to a natural hillside will create buyer perceptions of risk from wildfire, particularly given recent well-publicized losses of homes in fires such as in Santa Rosa during the Tubbs Fire of 2017. Home insurers are also rapidly increasing premiums and wildfire surcharges or denying insurance coverage entirely for homeowners in locations at risk of wildfire.⁴
- **Proximity to the Chevron Richmond Refinery:** The Proposed Project is located less than two thousand feet from portions of the Chevron Richmond Refinery. The implications of this proximity on property values are described in detail below.
- **Likely high special taxes or assessments:** The Proposed Project will require construction and maintenance of significant infrastructure improvements, with the SunCal Winehaven Analysis

⁴ See, for example, the breakdown of State of California insurance data described in the Sacramento Bee article "Insurers dropped nearly 350,000 California homeowners with wildfire risk," authored by Dale Kasler and Ryan Sablow, August 20, 2019. <https://www.sacbee.com/news/politics-government/capitol-alert/article234161407.html>.

assuming that homeowners will pay much of these costs. The impacts of these special taxes or assessments on property values—and potentially municipal costs—are described in detail below.

DETERMINATION OF AVERAGE BASELINE PROPERTY VALUES FOR OWNERSHIP HOUSING PRODUCTS

Strategic Economics reviewed comparable sales transactions to develop “baseline” property values for the single family homes and the condominiums/townhomes included in the Proposed Project.

Table 5 shows comparable sales transactions reviewed to inform an appropriate average baseline single family home value prior to reductions to account for Point Molate’s refinery proximity and special taxes or assessments. The transactions were selected as the best available comparable sales for future Point Richmond homes because they reflect homes that were recently built (2005 onward), are located near the Richmond waterfront, include three to four bedrooms, and were sold in the last five years. The average sales price of these homes was \$1.17 million, and the average price per square foot was \$447. The homes range from the two highest priced sales for homes surrounded by water in the “Richmond Riviera” area of Brickyard Cove, to premium Point Richmond homes, to relatively lower-priced homes in Seacliff at Brickyard Cove and Places at NOMA in Marina Bay.

Given the access, amenity, and fire and insurability risks of Point Molate, Strategic Economics determined that a single family home in Point Molate is likely to sell at a discount relative to premium products with direct private water access, and relative to homes located closer to jobs and amenities such as the Richmond Ferry Terminal. Strategic Economics assumed a likely average baseline sales price of \$1.3 million for these homes (\$371 per square foot), versus \$1.4 million in the SunCal Winehaven Analysis (\$400 per square foot), as shown in Table 7.

371 vs
400
or 10%
adjust

Table 6 shows comparable sales transactions reviewed to inform appropriate average baseline condominium/townhome values prior to reductions to account for Point Molate’s refinery proximity and special taxes or assessments. Based on the advice of area realtors and review of recent condominium development projects near the Richmond waterfront, Strategic Economics determined appropriate recent comparable sales and current sale listings were located in the Point Richmond and Marina Bay areas, and at the Waterline project by Shea Homes that is currently under construction in the Brickyard Cove area. The sales shown in Table 6 represent condominiums built from 2015 to 2020 and sold in the last five years or currently listed for sale. The average sales or listing price of these homes is \$959,000, and the average price per square foot is \$439.

Given the access, amenity, and fire and insurability risks of Point Molate, Strategic Economics determined that a condominium or townhome in Point Molate is likely to sell at a discount compared to the high prices commanded at the Waterline project. Strategic Economics therefore assumed a likely average baseline sales price of \$450 per square foot for condominiums and townhomes at Point Molate. As shown in Table 7, this price per square foot translates to an average baseline price of \$810,000 for the “low-rise apartments and townhomes” and \$675,000 for the “mid-rise apartments and condominiums” in the Proposed Project.

REDUCTION OF BASELINE PROPERTY VALUES TO ACCOUNT FOR PROXIMITY TO REFINERY

Strategic Economics subsequently reduced these average baseline sales price assumptions to account for Point Molate’s proximity to the Chevron Richmond Refinery. Studies have found strong evidence of reductions in home prices due to proximity to a refinery or its emissions. For example, a 2015 study found that air pollution associated with a major refinery in Houston, Texas resulted in a

“6% to 8% percent loss on house prices,” with the effect diminishing “with distance up to about two miles from the refinery.”⁵ A previous 1994 study found losses of five percent and 1.5 percent within a half mile of two refineries.⁶ Local East Bay realtors noted that the refinery does limit the desirability of homes in Richmond and that buyers are aware of its potential negative effects. Awareness of the refinery is further reinforced by regular news coverage of flaring incidents.⁷ Based on these factors, Strategic Economics reduced the baseline ownership homes values for the Proposed Project by a further eight percent, as shown in Table 7.

Refinery reduction 8%

REDUCTION OF VALUES TO ACCOUNT FOR COST OF TAXES AND ASSESSMENTS

Strategic Economics also applied a discount to the average ownership housing values to account for the additional special taxes charged to future homeowners to pay for Point Molate’s infrastructure and maintenance costs. Strategic Economics analyzed property value discounts based on the preliminary funding and financing assumptions used in the SunCal Winehaven Analysis.

Per page 43 and Table E-2 on page 3-E-2 of the SunCal Winehaven Analysis, total infrastructure needs are likely to cost \$170.6 million. As shown in Table 9, the SunCal Winehaven Analysis assumed that a Project Infrastructure Community Facilities District (CFD) would result in an ongoing annual special tax of between \$5,500 and \$6,500 annually per housing unit, varying by housing product type. An additional \$513 charge per housing unit would cover costs for a “Project Services CFD,” which would pay for maintenance of public spaces that are not maintained by the Proposed Project’s homeowner’s association. Note that homeowner’s association fees would be separate from these CFD special taxes.

A generally accepted rule is that homebuyers are only willing to accept total taxes, fees, and special taxes on a property at or below two percent of the home’s value. This “two percent rule” is referenced in the SunCal Winehaven Analysis as well as in a peer review of the SunCal Winehaven Analysis conducted by BAE Urban Economics.⁸ If these costs exceed two percent, then the value of the housing unit is expected to decline, and obtaining bond financing for a CFD also becomes more difficult. Strategic Economics’ assumed baseline prices, coupled with the discount for refinery proximity, would reasonably result in taxes, fees, and assessments exceeding two percent of the housing units’ values.

Strategic Economics therefore examined the impact of the combined Project Services and Infrastructure CFD special taxes on reducing the average values of the ownership housing products. Payment of the CFD special taxes will increase the overall ownership costs for future households at Point Molate and therefore reduce the total supportable mortgage payments for these households. As shown in Table 7, this reduction results in a decline in supportable sales prices of between \$92,000 and \$108,000 per housing unit, depending on type. Table 7 shows the final average values for all ownership housing units by type, after accounting for the new baseline values and reductions for proximity to the refinery and CFD special taxes.

⁵ Robert A. Simons, Youngme Seo, and Paul Rosenfeld, “Modeling the Effects of Refinery Emissions on Residential Property Values,” *The Journal of Real Estate Research*, 2015, Vol. 37, No. 3, pp. 321-342.

⁶ Patrick C. Flower and Wade R. Ragas, “The Effects of Refineries on Neighborhood Property Values,” *The Journal of Real Estate*, Summer 1994, Vol. 9, No. 3, pp. 319-338.

⁷ See, for example, “Smoke from Flaring at Chevron’s Richmond Refinery Seen from Across the Bay,” by Ted Golberg for KQED News, August 14, 2020. <https://www.kqed.org/news/11833406/smoke-from-flaring-at-chevrons-richmond-refinery-seen-from-across-the-bay>

⁸ “Peer Review of Winehaven Prepared Fiscal Impact Analysis for Proposed Point Molate Mixed-Use Development Project,” by BAE Urban Economics, June 29, 2020.

FURTHER RISKS ASSOCIATED WITH SERVICES AND INFRASTRUCTURE SPECIAL TAXES

Using more appropriate, lower sales prices than those assumed in the SunCal Winehaven Analysis substantially increases the risk that the City of Richmond will be responsible for a higher than anticipated share of the costs for operations and infrastructure at Point Molate. As noted, lower sales prices for homes at Point Molate will reduce the amount these homeowners can contribute toward service costs and toward infrastructure through an assessment or special tax. If this occurs, the City of Richmond would need to contribute toward infrastructure costs in order for the project to proceed, and would likely be required to at least pay for ongoing operations and maintenance of public facilities in the area which would otherwise be funded by the Project Services CFD.

Strategic Economics analyzed the additional expenditures to the City of Richmond General Fund resulting from the City of Richmond needing to provide the operations and maintenance services that would otherwise be funded by the Services CFD assumed in the SunCal Winehaven Analysis. This change was incorporated into the overall summary of results shown in Table 14. It is important to note that the Project Services CFD cost is relatively low compared to the Project Infrastructure CFD, which could potentially result in a much greater impact on additional funding required by the City of Richmond.

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TABLE 5: COMPARABLE SALES ANALYZED TO ESTIMATE SINGLE FAMILY / LOW DENSITY BASELINE VALUE

Address	Richmond Location	Price	Square Feet	Price/Sq. Ft.	Bedrooms	Year Built	Year Sold
1405 Sandpiper Spit	Brickyard Cove	\$1,814,000	4,033	\$450	3	2005	2018
1328 Pelican Way	Brickyard Cove	\$1,775,000	3,416	\$520	4	2006	2020
500 Tremont Ave	Point Richmond	\$1,250,000	2,300	\$543	3	2016	2017
208 Flagship Ct	Point Richmond	\$900,000	2,578	\$349	3	2006	2017
105 Seapoint Ct	Brickyard Cove	\$885,000	2,382	\$372	3	2006	2018
856 Seawind Drive	Marina Bay	\$809,990	1,851	\$438	3	2019	2019
1390 Mast Cove Way	Marina Bay	\$783,990	1,705	\$460	3	2019	2019

Source: Redfin, August 2020; MLS, August 2020; Strategic Economics, 2020.

Note: Criteria included: Single family homes, built 2005-2020, Richmond waterfront area, 3-4 bedrooms, sold in last 5 years

TABLE 6: COMPARABLE SALES AND LISTINGS ANALYZED TO ESTIMATE OWNERSHIP CONDO / TOWNHOME BASELINE VALUE

Address	Richmond Location	Price	Square Feet	Price/Sq. Ft.	Bedrooms	Year Built	Year Sold
Sold Homes							
72 Waterline Pl	Waterline	\$1,039,581	2,116	\$491	3	2019	2019
1702 Maritime Way	Marina Bay	\$690,000	1,556	\$443	3	2015	2020
1103 Maritime Way	Marina Bay	\$675,000	1,556	\$434	3	2016	2018
804 Jetty Dr	Marina Bay	\$625,000	1,946	\$321	3	2015	2020
1105 Maritime Way	Marina Bay	\$610,790	1,975	\$309	3	2016	2016
902 Jetty Dr	Marina Bay	\$603,000	1,311	\$460	2	2017	2018
Current Listings							
38 Waterline Pl	Waterline	\$1,554,275	2,911	\$534	3	2019	N/A
26 Sunset Ln	Waterline	\$1,346,348	2,625	\$513	2	2019	N/A
11 Waterline Pl	Waterline	\$1,001,660	2,391	\$419	2	2020	N/A
3 Waterline Pl	Waterline	\$912,225	2,076	\$439	2	2020	N/A
27 Waterline Pl	Waterline	\$899,000	2,076	\$433	2	2019	N/A
1705 Maritime Way	Marina Bay	\$758,000	1,946	\$390	3	2015	N/A
Plan 2B	Waterline	\$1,479,580	2,911	\$508	3	N/A	N/A
Plan 4E	Waterline	\$1,220,219	2,625	\$465	3	N/A	N/A
Plan 4D	Waterline	\$999,761	2,296	\$435	3	N/A	N/A
Plan 4G	Waterline	\$970,391	2,107	\$461	3	N/A	N/A
Plan 4A	Waterline	\$966,375	2,391	\$404	2	N/A	N/A
Plan 4F	Waterline	\$912,225	2,076	\$439	2	N/A	N/A

Source: Redfin, August 2020; newhomesource.com, August 2020; MLS, August 2020; Strategic Economics, 2020.

Note: Criteria included: Condominiums, built 2015-2020, sold in last five years or currently listed for sale, located in Point Richmond, Marina Bay, Waterline.

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TABLE 7: DISCOUNTS APPLIED TO BASELINE HOUSING UNIT SALES PRICES, AND RESULTING FINAL SALES PRICE ASSUMPTIONS

	Single-Family Low Density	Low-Rise Apartments / Townhomes	Mid-Rise Apartments / Condominiums
Baseline Anticipated Avg. Sales Price per Unit (a)	\$1,300,000	\$810,000	\$675,000
% Price Discount Based on Refinery Proximity (b)	-8%	-8%	-8%
Discounted Avg. Sales Prices per Unit	\$1,196,000	\$745,200	\$621,000
Total Potential Annual CFD Special Tax per Unit (c)	\$7,013	\$6,013	\$6,513
Reduction in Sales Price Due to CFD Special Tax (d)	(\$107,785)	(\$92,462)	(\$100,042)
Discounted Avg. Sales Prices per Unit (rounded)	\$1,088,200	\$652,700	\$521,000

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

(a) Based on review of recent comparable sales

(b) Based on literature citing a potential 6 to 8 percent loss on house prices in location adjacent to oil refineries (see reference in narrative)

(c) As shown on page 1-F-3 of the SunCal Winehaven Analysis

(d) Calculated based on reduction in supportable mortgage payment, assuming 20% down payment, 30 year repayment, 4.75% mortgage interest rate, and 1.5% annual costs for insurance and other taxes

TABLE 8: COMPARISON OF HOME SALES PRICE ASSUMPTIONS

	Square Feet	SE Value	SunCal Winehaven Analysis Value	Difference in Value Assumption
Residential Valuations				
For Sale				
Single Family /Low Density	3,500	\$1,088,200	\$1,400,000	(\$311,800)
Low-Rise Apts & Townhomes	1,800	\$652,700	\$1,175,000	(\$522,300)
Mid-Rise Apts & Condos	1,500	\$521,000	\$1,250,000	(\$729,000)
For Rent				
Low-Rise Apartments	1,800	\$400,000	\$400,000	\$0
Mid-Rise Apartments	1,500	\$450,000	\$450,000	\$0

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

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TABLE 9: COMPARISON OF ESTIMATED EFFECTIVE TAX RATE

	Single Family/ Low Density	Low-Rise Apartments & Townhomes	Mid-Rise Apartments & Condos
SunCal Winehaven Analysis			
Avg. Unit Value (a)	\$1,400,000	\$1,175,000	\$1,250,000
Ad Valorem Taxes (1.4181%) (b)	\$19,853	\$16,663	\$17,726
Special Taxes and Assessments (c)	\$413	\$291	\$269
Point Molate Special Taxes			
Project Services CFD (d)	\$513	\$513	\$513
Project Infrastructure CFD (e)	\$6,500	\$5,500	\$6,000
Total Annual Taxes & Assessments	\$27,279	\$22,967	\$24,508
Taxes & Assessments as % of Sales Price	1.95%	1.95%	1.96%
Strategic Economics Analysis			
Avg. Unit Value (f)	\$1,088,200	\$652,700	\$521,000
Ad Valorem Taxes (1.4181%)	\$15,432	\$9,256	\$7,388
Special Taxes and Assessments	\$413	\$291	\$269
Point Molate Special Taxes			
Project Services CFD	\$513	\$513	\$513
Project Infrastructure CFD	\$6,500	\$5,500	\$6,000
Total Annual Taxes & Assessments	\$22,858	\$15,560	\$14,170
Taxes & Assessments as % of Sales Price	2.10%	2.38%	2.72%
Strategic Economics Illustrative Analysis with "Project Services CFD" Cost Transferred to City of Richmond			
Avg. Unit Value	\$1,088,200	\$652,700	\$521,000
Ad Valorem Taxes (1.4181%)	\$15,432	\$9,256	\$7,388
Special Taxes and Assessments	\$413	\$291	\$269
Point Molate Special Taxes			
Project Services CFD (g)	\$0	\$0	\$0
Project Infrastructure CFD	\$6,500	\$5,500	\$6,000
Total Annual Taxes & Assessments	\$22,345	\$15,047	\$13,657
Taxes & Assessments as % of Sales Price	2.05%	2.31%	2.62%

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

(a) These are the average sales price / assessed valuations assumed in the SunCal Winehaven Analysis.

(b) The 1.4181% rate is based on calculations in Table F-3 on page 1-F-3 of the SunCal Winehaven Analysis.

(c) See Table F-3 on page 1-F-3 of the SunCal Winehaven Analysis.

(d) Reflects distribution of a potential Project Services CFD across the housing units in the Proposed Project. See Tables F-1 and F-3 of the SunCal Winehaven Analysis.

(e) Based on Table F-3 on page 1-F-3 of the SunCal Winehaven Analysis.

(f) Reflects Strategic Economics' unit values after revisions based on comparable sales analysis and discounts for refinery proximity and increased ownership costs due to CFD special taxes.

(g) Assumes that the project services CFD cost burden is assumed by the City of Richmond due to the inability of housing units to fund the assessment given high taxes, fees, and special taxes relative to sales prices.

City's Capture of Sales Tax from New Residents

Strategic Economics found that sales tax revenues are likely to be lower than estimated in the SunCal Winehaven Analysis because the City of Richmond will capture a lower than assumed share of household spending. Strategic Economics found that the City of Richmond is likely to capture 20 percent of taxable sales generated by new households at Point Molate, rather than the 45 percent assumption used in the SunCal Winehaven Analysis. As a result, Strategic Economics found that the sales tax revenue collected by the City would be 82 percent lower than the SunCal Winehaven Analysis in the initial development period, and 39 percent lower if the project were fully built out.

Strategic Economics arrived at these conclusions by analyzing the retail supply in Richmond relative to the wider trade area (defined as a 20-minute drive from the site). As shown in the map in Figure 1, and summarized below in Table 10, there are approximately 8.9 million square feet of shopping centers within an approximate 20 minute drive time of the site. The City of Richmond holds about 1.8 million square feet of shopping center retail inventory, or a 20 percent share.

TABLE 10: RICHMOND'S SQUARE OF SHOPPING CENTER SQUARE FOOTAGE WITHIN 20 MINUTE DRIVE OF POINT MOLATE

Square Feet of Shopping Centers in Richmond	1,820,352
Square Feet of Shopping Centers within 20 Minute Drive Time	8,921,548
Richmond Share of 20 Minute Shopping Center Inventory	20%

Source: Costar Group, August 2020; Strategic Economics, September 2020.
 Note: Drive times are approximate.

As shown in Table 11, the majority of the Richmond's regional retail space is located at the Shops at Hilltop, a 1.1 million square foot mall. The shopping center is reportedly struggling to maintain its tenants. Macy's recently closed, and the current occupancy rate is estimated at 16 percent, with Walmart as its only major tenant. The existing owner has recently rebranded it as a Science and Technology Center and plans to sell the property.⁹

Given the likely high incomes of future residents of SunCal's Proposed Project at Point Molate, it is highly likely these residents will shop in other shopping centers with a stronger tenant mix that are also within the same drive time as Hilltop, including Northgate Mall in San Rafael, or the Village at Corte Madera.

⁹Laura Waxman for the San Francisco Business Times, "Richmond's Hilltop Mall rebranded as potential life sciences space as owner seeks to sell," August 21, 2020. <https://www.bizjournals.com/sanfrancisco/news/2020/08/21/richmonds-hilltop-mall-on-the-market-again.html>

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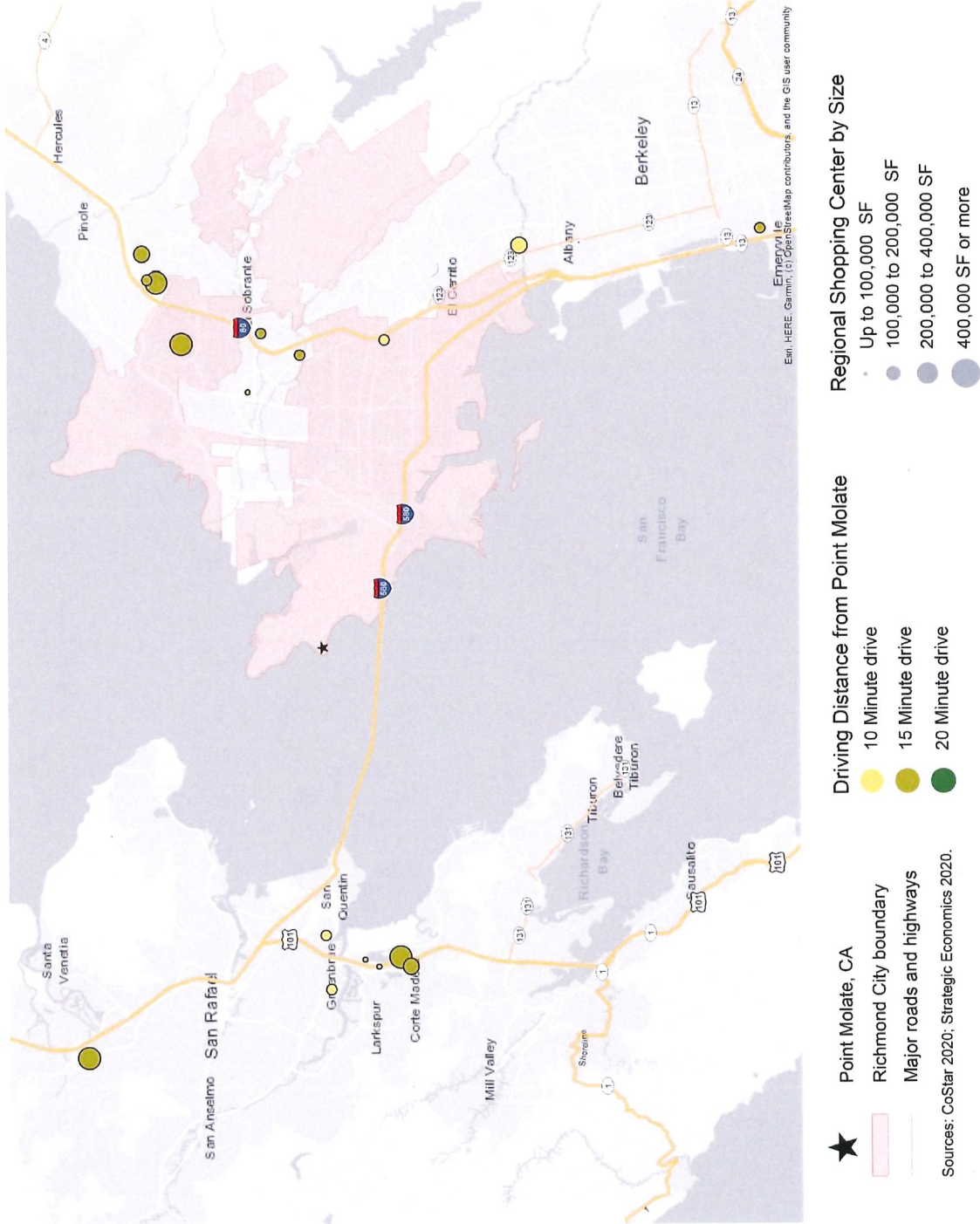
TABLE 11: SUMMARY OF MAJOR SHOPPING CENTERS WITHIN A 20-MINUTE DRIVE OF POINT MOLATE

Shopping Center Name	Drive Time (Min)	City	Total SF Leasable Space	Anchor Tenants
Shops at Hilltop	15	Richmond	1,110,882	Walmart Macy's, Restoration Hardware,
Northgate Mall	15	San Rafael	799,920	Kohl's, Century Theatres
Pinole Vista Crossing	15	Pinole	433,582	FoodMaxx, Target
The Marketplace	15	Corte Madera	51,761	Any Mountain
The Village At Corte Madera	15	Corte Madera	482,778	Macy's, Nordstrom

Source: Costar Group, August 2020; Strategic Economics, September 2020.

Note: Drive times are approximate.

FIGURE 1: REGIONAL SHOPPING CENTERS WITHIN AN APPROXIMATE 20 MINUTE DRIVE OF POINT MOLATE



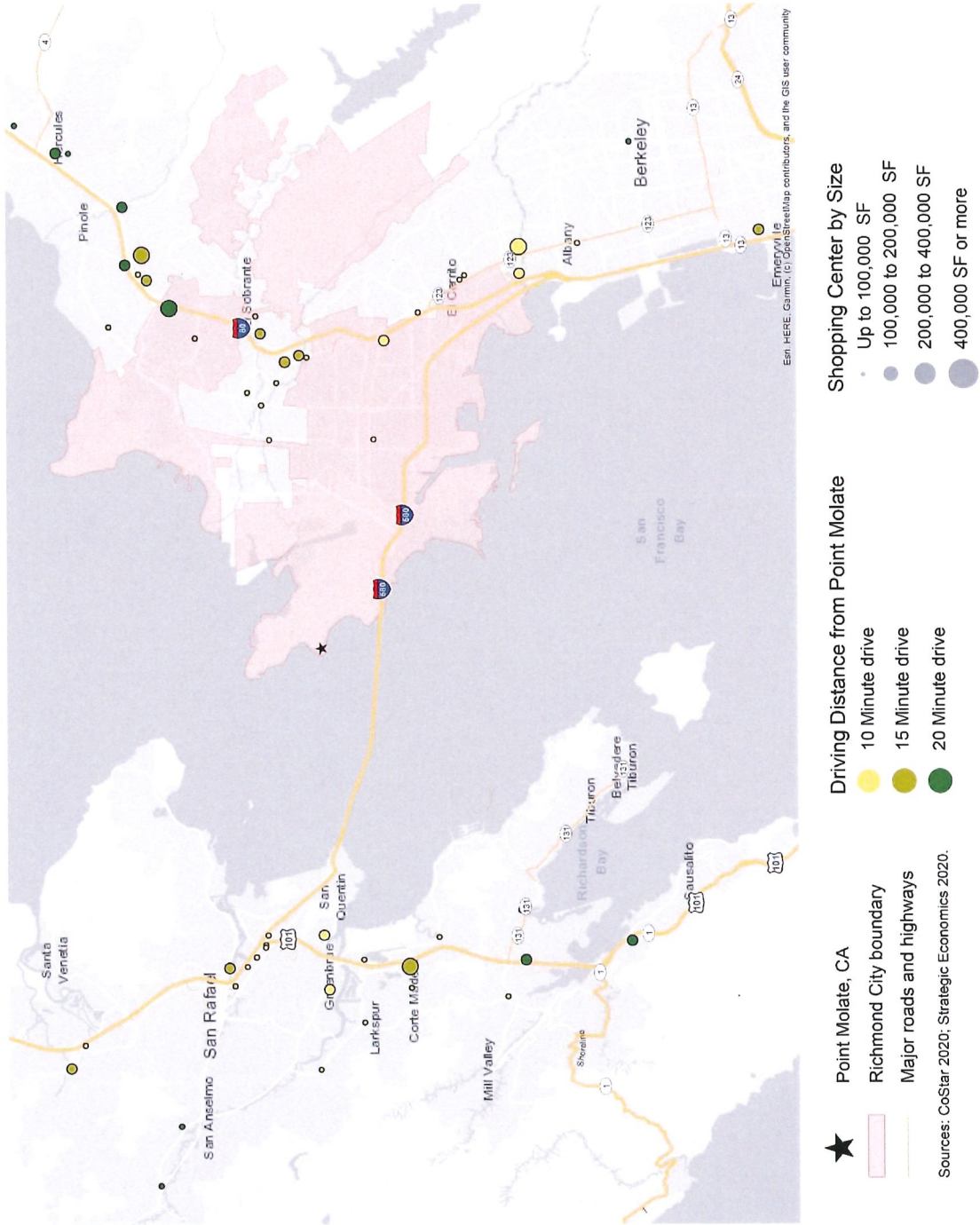
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For day-to-day convenience retail, there are 16 smaller community and neighborhood shopping centers within a 10 minute drive of Point Molate that are anchored by grocery stores or general merchandise stores. As shown in the map on Figure 2 and summarized below in Table 12, the total space in community and neighborhood shopping centers within a 10-minute drive is estimated at 1.6 million square feet, and only 21 percent of this inventory is located within Richmond. The residents of Point Molate can easily shop at other centers in San Rafael, Greenbrae, El Cerrito, Albany, and Larkspur, especially for higher end grocery stores and specialty goods (Trader Joe's, Sprouts, Marin Country Mart).

TABLE 12: NEIGHBORHOOD AND COMMUNITY SHOPPING CENTERS WITHIN A 10-MINUTE DRIVE

Shopping Center Name	Center Type	Drive Time	City	Total SF Leasable Space
MacDonald 80 Shopping Center	Community Center	10	Richmond	156,385
Pacific East Mall	Neighborhood Center	10	Richmond	108,029
Richmond City Center	Neighborhood Center	10	Richmond	77,392
580-620 Francisco Blvd W	Neighborhood Center	10	San Rafael	85,458
Bon Air Center	Community Center	10	Greenbrae	139,176
Del Norte Marketplace	Neighborhood Center	10	El Cerrito	64,270
El Cerrito Place	Neighborhood Center	10	El Cerrito	53,198
El Cerrito Plaza	Community Center	10	El Cerrito	349,274
Food Barn	Neighborhood Center	10	San Pablo	32,978
Graham Center	Neighborhood Center	10	San Rafael	62,001
Joseph B. Rice Center	Neighborhood Center	10	San Rafael	36,251
Marin Country Mart	Community Center	10	Larkspur	196,662
Marin Home Center	Neighborhood Center	10	San Rafael	30,000
Marin Square Shopping Center	Neighborhood Center	10	San Rafael	82,000
Moeser Lane	Neighborhood Center	10	El Cerrito	82,787
The Shops at University Village, Albany	Neighborhood Center	10	Albany	44,611
Total Square Feet				1,600,472
Share Located in Richmond				21%

FIGURE 2: NEIGHBORHOOD AND COMMUNITY SHOPPING CENTERS WITHIN AN APPROXIMATELY 20 MINUTE DRIVE OF POINT MOLATE



Strategic Economics' analysis of competitive retail supply does not support the assumption that 45 percent of future spending from households in Point Molate would be captured within the City of Richmond. A more reasonable assumption is that the City can capture about 20 percent of future resident retail spending. This estimate is still optimistic, given the continued struggles of The Shops at Hilltop and the lack of other regional retail centers in the City of Richmond.

As shown in Table 13 on the following page, the potential annual retail sales tax revenues associated with the Proposed Project are substantially lower after adjusting the household spending capture rate.¹⁰ After incorporating the adjustment plus Strategic Economics' revised housing absorption assumptions (described earlier), the City of Richmond would receive annual sales tax revenue of \$54,900 per year at initial development, compared to \$301,400 in the SunCal Winehaven Analysis estimate.¹¹ The sales tax revenue collected by the City based on the **Strategic Economics analysis would be 82 percent lower than the SunCal Winehaven Analysis** in the initial development period, and 39 percent lower if the project were fully built out.

¹⁰ Note that Strategic Economics only altered the household spending capture rate and housing unit absorption at Initial Development, and otherwise applied the same sales tax revenue methodology, approach, and assumptions as those used in the SunCal Winehaven Analysis.

¹¹ Includes the City's one percent sales tax share plus sales tax revenue from Measure Q, Measure U, and the Prop. 172 Public Safety sales tax.

TABLE 13: COMPARISON OF GENERAL FUND ANNUAL SALES TAX REVENUE ESTIMATES

	SE Analysis		Winehaven Analysis		Difference	
	Initial Development (year 4)	Buildout (20 years)	Initial Development (year 4)	Buildout (9 years)	Initial Development (year 4)	Buildout
Estimated Annual Taxable Sales						
Citywide Taxable Sales from New Market Support (a)	\$2,649,000	\$9,087,400	\$14,543,100	\$24,909,271	(\$11,894,100)	(\$15,821,871)
Net Taxable Sales from Onsite Commercial (b)	\$0	\$11,041,486	\$0	\$7,877,116	\$0	\$3,164,370
Total Annual Taxable Sales	\$2,649,000	\$20,128,886	\$14,543,100	\$32,786,387	(\$11,894,100)	(\$12,657,501)
1% Annual Sales Tax Revenue	\$26,490	\$201,289	\$145,431	\$327,864	(\$118,941)	(\$126,575)
Supplemental Annual Sales Tax Revenue						
Measure Q	\$13,245	\$100,644	\$72,716	\$163,932	(\$59,471)	(\$63,288)
Measure U	\$13,245	\$100,644	\$72,716	\$163,932	(\$59,471)	(\$63,288)
Gross Prop. 172 Public Safety Sales Tax Revenue	\$13,245	\$100,644	\$72,716	\$163,932	(\$59,471)	(\$63,288)
City of Richmond Allocation (c)	\$1,930	\$14,668	\$10,597	\$23,891	(\$8,667)	(\$9,223)
Total Sales Tax Revenue	\$54,910	\$417,246	\$301,459	\$679,619	(\$246,549)	(\$262,373)

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.

(a) Shows taxable sales generated by spending by new households and workers at Point Molate.

(b) Shows taxable sales associated with spending at new businesses at Point Molate.

(c) Based on estimated Citywide taxable sales, the City receives 14.5739% of Prop. 172 sales tax revenue.

Overview of Results

After incorporating adjustments to the SunCal Winehaven Analysis based on the findings above, Strategic Economics found that the Proposed Project would generate a net negative annual fiscal impact to the City of Richmond General Fund at the end of the four-year “Initial Development” period, is likely to generate net negative fiscal impacts throughout much of the project’s construction period, and would generate a neutral impact upon buildout of the project.

Table 14 shows revised annual General Fund revenues and expenditures estimated by Strategic Economics. Strategic Economics applied the same methodology, approach, and assumptions applied in the EPS analysis except for the changes described in this memorandum.¹² As shown, Strategic Economics estimates that total revenues will be 67 percent lower than in the SunCal Winehaven Analysis upon the fourth year of construction, and 43 percent lower upon buildout. Expenses are estimated to be 19 percent higher in year four and 18 percent higher upon buildout. As a result, Strategic Economics estimates that net revenue to the City of Richmond’s General Fund would be negative \$4.4 million in year four, and approximately \$150,000 upon buildout—essentially neutral. Full project buildout would require 20 years rather than the nine years in the SunCal Winehaven Analysis. Given the neutral fiscal outcome upon buildout and significantly negative revenues in the fourth year of construction, net revenues are likely to be negative throughout much of the 20 year construction period.

Strategic Economics also explored the additional impacts of single family home sales prices falling below \$1 million in order to explore the sensitivity of property transfer tax revenues. The City of Richmond levies property transfer taxes (the “Real Estate Documentary Transfer Tax”) on a tiered basis. Transfer taxes are levied at the rate of .7 percent for properties sold for below \$1 million dollars, and a rate of 1.25 percent for properties sold for between \$1 million and \$3 million. As shown in Table 14 versus Table 15, if sales prices for single family homes were actually \$975,000 instead of \$1,088,200, then total annual property tax revenues upon buildout would decline by two percent, but annual property transfer taxes would decline by 18 percent.

¹² Strategic Economics did not recalculate expenses estimated on a per capita basis in the SunCal Winehaven Analysis to account for the revised absorption of housing units applied in the “Initial Development” period; however, any marginal difference in those expenses would be minimal compared to the fixed additional costs of providing additional police and fire services at Point Molate. Those services constituted 92 percent of costs upon conclusion of Initial Development period in the SunCal Winehaven Analysis.

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TABLE 14: COMPARISON OF RICHMOND GENERAL FUND ANNUAL REVENUES AND EXPENDITURES, STRATEGIC ECONOMICS ANALYSIS VERSUS SUNCAL WINEHAVEN ANALYSIS

	SE Analysis		SunCal Winehaven Analysis		Change (Number)		Change (Percent)	
	Initial Development (year 4)	Buildout (20 years)	Initial Development (year 4)	Buildout (9 years)	Initial Development (year 4)	Buildout	Initial Development (year 4)	Buildout
General Fund Revenue								
Property Tax	\$804,400	\$2,796,100	\$2,725,700	\$4,885,100	(\$1,921,300)	(\$2,089,000)	-70%	-43%
Total Property Tax Pension Obligation Revenue	\$395,000	\$1,373,000	\$1,338,400	\$2,398,800	(\$943,400)	(\$1,025,800)	-70%	-43%
Property Tax In-Lieu of VLF	\$167,600	\$582,600	\$567,900	\$1,017,900	(\$400,300)	(\$435,300)	-70%	-43%
Property Transfer Tax	\$330,000	\$1,007,800	\$1,623,200	\$2,734,900	(\$1,293,200)	(\$1,727,100)	-80%	-63%
Sales Tax	\$54,900	\$417,200	\$301,400	\$679,600	(\$246,500)	(\$262,400)	-82%	-39%
Other Revenue	\$565,000	\$1,067,600	\$565,000	\$1,067,600	\$0	\$0	0%	0%
Total Annual GF Revenue	\$2,316,900	\$7,244,300	\$7,121,600	\$12,783,900	(\$4,804,700)	(\$5,539,600)	-67%	-43%
General Fund Expenditures								
Infrastructure and Maintenance Operations	\$186,700	\$352,900	\$186,700	\$352,900	\$0	\$0	0%	0%
Fire Department	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$0	\$0	0%	0%
Library & Cultural Services	\$115,400	\$182,100	\$115,400	\$182,100	\$0	\$0	0%	0%
Community Services	\$121,600	\$191,800	\$121,600	\$191,800	\$0	\$0	0%	0%
Police Department	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$0	0%	0%
General Government	\$48,300	\$91,400	\$48,300	\$91,400	\$0	\$0	0%	0%
Project Services CFD Transfer to City	\$1,076,400	\$1,076,400	\$0	\$0	\$1,076,400	\$1,076,400	n/a	n/a
Total Annual GF Expenditures	\$6,748,400	\$7,094,600	\$5,672,000	\$6,018,200	\$1,076,400	\$1,076,400	19%	18%
Net Annual General Fund Revenue	(\$4,431,500)	\$149,700	\$1,449,600	\$6,765,700	(\$5,881,100)	(\$6,616,000)	-406%	-98%

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.
 Note: The "SE Analysis" results reflect revised revenue estimates that incorporate revised assumptions described in this memo, including: slower pace of absorption of housing units, reduced ownership housing values, and reduced sales tax capture rates for spending by new households.

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TABLE 15: COMPARISON OF RESULTS IF AVERAGE SINGLE FAMILY HOMES ARE \$975,000 (SENSITIVITY TEST FOR PRICES BELOW \$1 MILLION)

	<u>SE Analysis</u>		<u>SunCal Winehaven Analysis</u>		<u>Change (Number)</u>		<u>Change (Percent)</u>	
	Initial Development (year 4)	Buildout (20 years)	Initial Development (year 4)	Buildout (9 years)	Initial Development (year 4)	Buildout	Initial Development (year 4)	Buildout
General Fund Revenue								
Property Tax	\$773,400	\$2,736,400	\$2,725,700	\$4,885,100	(\$1,952,300)	(\$2,148,700)	-72%	-44%
Total Property Tax Pension Obligation Revenue	\$379,800	\$1,343,700	\$1,338,400	\$2,398,800	(\$958,600)	(\$1,055,100)	-72%	-44%
Property Tax In-Lieu of VLF	\$161,200	\$570,200	\$567,900	\$1,017,900	(\$406,700)	(\$447,700)	-72%	-44%
Property Transfer Tax	\$237,000	\$828,500	\$1,623,200	\$2,734,900	(\$1,386,200)	(\$1,906,400)	-85%	-70%
Sales Tax	\$53,800	\$415,500	\$301,400	\$679,600	(\$247,600)	(\$264,100)	-82%	-39%
Other Revenue	\$565,000	\$1,067,600	\$565,000	\$1,067,600	\$0	\$0	0%	0%
Total Annual GF Revenue	\$2,170,200	\$6,961,900	\$7,121,600	\$12,783,900	(\$4,951,400)	(\$5,822,000)	-70%	-46%
General Fund Expenditures								
Infrastructure and Maintenance Operations	\$186,700	\$352,900	\$186,700	\$352,900	\$0	\$0	0%	0%
Fire Department	\$3,200,000	\$3,200,000	\$3,200,000	\$3,200,000	\$0	\$0	0%	0%
Library & Cultural Services	\$115,400	\$182,100	\$115,400	\$182,100	\$0	\$0	0%	0%
Community Services	\$121,600	\$191,800	\$121,600	\$191,800	\$0	\$0	0%	0%
Police Department	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$0	0%	0%
General Government	\$48,300	\$91,400	\$48,300	\$91,400	\$0	\$0	0%	0%
Project Services CFD Transfer to City	\$1,076,400	\$1,076,400	\$0	\$0	\$1,076,400	\$1,076,400	n/a	n/a
Total Annual GF Expenditures	\$6,748,400	\$7,094,600	\$5,672,000	\$6,018,200	\$1,076,400	\$1,076,400	19%	18%
Net Annual General Fund Revenue	(\$4,578,200)	(\$132,700)	\$1,449,600	\$6,765,700	(\$6,027,800)	(\$6,898,400)	-416%	-102%

Source: SunCal Winehaven Analysis, 2020; Strategic Economics, 2020.
 Note: The "SE Analysis" results incorporate the same assumptions as the preceding table, except average single family home values were assumed to be \$975,000; this assumption allows for an examination of the impact of all home sales falling within the lower property tax rate tier for sales below one million dollars.

Hotel Data Sources in the “Community Proposal” Analysis

Strategic Economics reviewed sources and assumptions used by Hatch Associates Consultants to develop hotel performance and valuation estimates as part of a separate fiscal impact analysis of the “Community Proposal” for Point Molate. Strategic Economics found overall that the Hatch analysis applied reasonable industry-standard assumptions to its hotel performance and valuation estimates, and that its related property tax and transient occupancy tax revenue conclusions were based upon sound reasoning and sound assumptions. Specifically, Strategic Economics found the following:

- The Hatch analysis used an industry-standard approach to valuation of the hotel property. The approach used a construction cost estimate developed based on data available from RSMMeans, a commonly used source for this purpose.
- The Hatch analysis applied an occupancy rate assumption that fell within typical market conditions at the time of the analysis. Strategic Economics was not able to find documentation of the Hatch assumptions, but did determine that the assumptions included \$270 per night room rates, and 82 percent occupancy rates. Strategic Economics is not able to comment on the room rate without in-depth analysis. However, the occupancy rate does reflect typical market conditions throughout Bay Area communities in which Strategic Economics completed market studies in 2018 and 2019.