

## EXHIBIT "B"

### DAVIS JOINT UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2 RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax, determined as shown below, shall be levied each Fiscal Year by the Governing Board of Education of the Davis Joint Unified School District (the "District") within the boundaries of Community Facilities District No. 2 ("CFD No. 2"):

I. Definitions. The following definitions shall apply:

- A. "Assessor's Parcel" means a parcel of land designated on a map of the Yolo County Assessor and assigned a discrete identifying number.
- B. "Board" means the District's Board of Education.
- C. "Commercial Property or Use" means an Assessor's Parcel within CFD No. 2 for which a building permit has been issued for a commercial improvement or use, or where there is a use for a commercial purpose that does not require a building permit, by June 1 of the previous Fiscal Year.
- D. "Escalation Rate" means a rate of not more than 4.63% to be annually determined by the Board at the time taxes are levied.
- E. "Fiscal Year" means the period starting on July 1 and ending on the following June 30.
- F. "Assessable Space" means all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure or similar area. This figure shall be determined by the building department of the city or county issuing the building permit, in accordance with the standard practice of that city or county in calculating structural perimeters.
- G. "Chargeable Covered and Enclosed Space" means the covered and enclosed space determined to be within the perimeter of a commercial or industrial structure, not including any storage areas incidental to the principal use of the development, garage, parking structure, unenclosed walkway or utility or disposal area. This figure shall be determined by the building department of the city or county issuing the building permit, in accordance with the building standards of that city or county.
- H. "Industrial Property or Use" means an Assessor's Parcel within CFD No. 2 for which a building permit has been

issued for an industrial improvement or use, or where there is a use for an industrial purpose that does not require a building permit, by June 1 of the previous Fiscal Year.

- I. "Residential Property" means an Assessor's Parcel within CFD No. 2 for which a building permit for a residential improvement or use has been issued by June 1 of the previous Fiscal Year.
- J. "Special Tax - Commercial or Industrial" means for each Commercial or Industrial Property or Use the sum of \$0.03 per square foot of Chargeable Covered and Enclosed Space, increased by an amount that reflects the Escalation Rate compounded from Fiscal Year 1990-91 to the Fiscal Year in which the Property is first subject to the tax. For those parcels where no building permit is required, the parcel shall be taxed on the basis of building area equivalent to 30% of the area of the entire parcel in square feet. The Special Tax may not be imposed on the reconstruction of any structure damaged or destroyed as a result of a disaster (fire, earthquake, landslide, mudslide, flood, tidal wave or other unforeseen event that produces material damage or loss) except to the extent the square footage of the reconstructed structure exceeds the square footage of the structure damaged or destroyed.
- K. "Special Tax - Residential" means for each Residential Property the sum of \$0.20 per square foot of Assessable Space increased by an amount that reflects the Escalation Rate compounded from Fiscal Year 1990-91 to the Fiscal Year in which the Property is first subject to the tax. The Special Tax shall not be levied upon Residential Property for increases in assessable space, for existing structures, of less than 500 square feet.
- L. "Superintendent" means the District's Superintendent.
- M. "Tax-Exempt Property" means any property within CFD No. 2 that is classified as Tax-Exempt Property pursuant to Section III below.
- N. "Territory to be Annexed" means any territory that is within (or as a result of a District boundary change, is included within) District boundaries but not included within the boundaries of CFD No. 2 upon formation.
- O. "Undeveloped Property" means all real property in CFD No. 2 for which no residential, commercial or industrial improvements or use exist and not building permit has been issued as of June 1 of the Fiscal Year preceding the Fiscal Year for which the tax is to be levied.

## II. Classification of Property and Assignment of Tax.

- A. At the beginning of each Fiscal Year, beginning in 1990-91, the District shall cause each Assessor's Parcel in CFD No. 2 to be classified as Residential Property, Commercial Property or Use, Industrial Property or Use, or Tax-Exempt Property.
- B. At the time taxes are levied each Fiscal Year, the Board shall determine the Escalation Rate that will be applied to the prior Fiscal Year's Special Tax Rate. The resultant compounded rate will be applied to properties first becoming subject to the Special Tax during the current Fiscal Year.
- C. At the beginning of each Fiscal Year, beginning in 1990-91, the District shall cause the Special Tax to be apportioned and levied in CFD No. 2 as follows:
  - (1) For Tax-Exempt Property no Special Tax shall be apportioned or levied.
  - (2) All other parcels will be assigned the Special Tax as compounded by the Escalation Rate, in effect for the Fiscal Year following the Fiscal Year in which a building permit has been issued for the parcel or, in the event no building permit is required, is otherwise approved for a use subject to the Special Tax. A parcel receiving a building permit, or approved for a use not requiring a building permit, after June 1 shall be treated as if the permit or use were not received or approved until July 1. The tax rate shall then remain constant and not escalate further for those parcels. Parcels first becoming subject to tax in subsequent Fiscal Years will then be taxed at a rate higher than similarly classified parcels first taxed in previous Fiscal Years.
    - (a) For each Residential Property, the Special Tax shall be the Special Tax-Residential in effect the Fiscal Year the Special Tax is first apportioned and levied on that property.
    - (b) For each Commercial Property or Use, or Industrial Property or Use, the Special Tax shall be the Special Tax-Commercial or Industrial in effect the Fiscal Year the Special Tax is first apportioned and levied on that property.
  - (3) Parcels changing classification after assignment of the Special Tax, shall pay the highest potential Special Tax.

### III. Tax-Exempt Property:

- A. Governmental: property owned by the state, federal or other local governments will not be taxed except:

- (1) If a public agency owing property, including property held in trust for any beneficiary, that is exempt from a special tax pursuant to Section 53340 grants a leasehold after January 1, 1988, or other possessory interest in the property to a nonexempt person or entity, the special tax shall, notwithstanding Section 53340, be levied on the leasehold or possessory interest and shall be payable by the owner of the leasehold or possessory interest.
- (2) If property not otherwise exempt from a special tax levied to this chapter is acquired by a public entity other than the District through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property.
- (3) If property subject to a special tax levied pursuant to this chapter is acquired by a public entity through eminent domain proceedings, the obligations to pay the special tax shall be treated as if it were a special annual assessment. For this purpose, the present value of the obligation to pay a special tax to pay the principal and interest on any indebtedness incurred by the district prior to the date apportionment determined pursuant to Section 5082 of the Revenue and Taxation Code shall be treated the same as a fixed lien special assessment.

- B. Undeveloped Property: Undeveloped property will not be taxed.
- C. Low Income Housing: A property owner has the option of applying for a low income housing tax exemption from the special tax if all of the following conditions exist.

- (1) The property owner provides evidence that the dwelling unit(s) constitute(s) low income housing under either of the following categories.

(a) A low rent housing project within the meaning of Section 214 (g) of the California Revenue and Taxation Code that is owned by (i) a non-profit tax exempt corporation that qualified under Sections 501 (c) (3) or 501 (c) (4), of the Internal Revenue Code of 1986, as amended or (ii) a non-profit mutual benefit corporation organized under Section 7110 or California Corporations Code, or (iii) a limited partnership with a non-profit general partner, or

(b) A limited equity housing cooperative defined by California Health & Safety Code Section 33007.5 or California Business and Professions Code Section 11003.4.

- (2) The property owner provide evidence of ownership of the property.
- (3) The application is filed and qualifies annually. Filing of the application shall be made between May 15 and June 15 annually.

IV. Appeals and Interpretation Procedure. Any taxpayer claiming that the amount or application of the Special Tax is in error may file a notice with the District appealing the levy of the Special Tax. The Superintendent or designee shall review the appeal promptly and, if necessary, meet with the applicant and decide the appeal. If the findings of the Superintendent or designee verify that the tax should be modified or changed, the special tax levy shall be corrected and, if appropriate, a refund shall be granted. Any dispute over the decision of the Superintendent or designee shall be referred to the Board and the decision of the Board shall be final.

Interpretation may be made by Resolution of the Board for purposes of clarifying any vagueness of uncertainty as it relates to the application of the special tax rate, or application of the method of apportionment, or the classification of properties or any definition applicable to CFD No. 2.

V. Claims for Refund. All claims for refund of Special Taxes collected on behalf of CFD No. 2 shall be filed with the Superintendent of the District no later than one year after the date the Special Tax has been paid to the county. The claimant shall file the claim within this time period and the claim shall be finally acted upon by the Board as a prerequisite to the claimant bringing suit thereon. Pursuant to Government Code Section 935(b) the claim shall be subject to the provisions of Government Code Sections 945.6 and 946.

The Board acting on its own behalf and on behalf of CFD No. 2 shall act on a timely claim within the time period required by Government Code Section 912.4.

The procedure described in this tax formula shall be the exclusive claims procedure for claims seeking a refund of Special Taxes. The decision of the Board in response to the claim for refund of taxes shall be final.

VI. Collection of Special Tax. The Special Tax shall be collected each year upon the applicable Assessor's Parcels in CFD No. 2 in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and lien priorities in the case of delinquency as is provided for ad valorem taxes. The District shall cause the actions required above to be done for each Fiscal Year in a timely manner to

assure that the schedule of the Special Taxes to be collected are received by the Auditor of Yolo County for inclusion with billings for such ad valorem taxes for the applicable Fiscal Year.

VII. Annexation of Territory. Any territory to be annexed to CFD No. 2 shall, in addition to payment of taxes at the rate set forth above, be subject to payment of any costs incurred by the District in conducting the annexation process.

VIII. Term. The Special Tax shall be levied on each property for a maximum of 30 years from the Fiscal Year in which the parcel is first taxed.