

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax of City of Fairfield Community Facilities District No. 2012-2 (Public Safety Services, Open Space Operation, and Park Maintenance) ("CFD") shall be levied on all Assessor's Parcels within the CFD and collected each Fiscal Year commencing in Fiscal Year 2012-13 in an amount determined by the City through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel, expressed in acres, 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 Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means the actual or estimated costs incurred by the City as administrator of the CFD to determine, levy and collect the Special Taxes, including salaries and benefits of City employees whose duties are directly related to administration of the CFD and the fees of consultants, legal counsel, the costs of collecting installments of the Special Taxes upon the general tax rolls, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Affordable Residential" or "Affordable Unit(s)" means for each Fiscal Year, any Dwelling Unit(s) located on an Assessor's Parcel of Developed Property that is available at an affordable housing cost, as defined by Health and Safety Code Section 50052.5, or an affordable rent, as defined in Health and Safety Code Section 50053, to lower income households as defined in Health and Safety Code Section 50079.5. Affordable Units will require annual application to the City for verification of their affordable housing status on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied. Any Unit not verified and approved by the City as an Affordable Unit shall be classified as Taxable Property for the Fiscal Year in which the Special Tax is being levied. The City will have the authority to approve and establish policies regarding Affordable Units and their status.

“Annual Escalation Factor” means the annual percentage increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Francisco-Oakland-San Jose area as determined by the Bureau of Labor Statistics for the twelve months ending the previous December.

“Assessor's Parcel” means a parcel of land shown on an Assessor's Parcel Map with a parcel number assigned by the Assessor of the County that corresponds to a number shown on the County Assessor's roll.

“Assessor's Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

“Base Year” means Fiscal Year ending June 30, 2013.

“Building Permit” means a permit issued for new construction of a residential or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits issued solely for grading, utility improvements, or other such improvements that are constructed and installed and are not intended for human occupancy.

“Certificate of Occupancy” means a certificate issued by the City that authorizes the actual occupancy of a Dwelling Unit for habitation by one or more residents or the occupancy of a Non-residential structure.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD” means City of Fairfield Community Facilities District No. 2012-2 (Public Safety Services, Open Space and Park Maintenance).

“City” means the City of Fairfield.

“City Clerk” means the City Clerk for the City or his or her designee.

“City Engineer” means the City Engineer for the City or his or her designee.

“Commercial Property” means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for any non-residential use located in a commercial zoning district as described in Section 25.22 of the Zoning Ordinance and all other property considered commercial as coded by the County's assessor or as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“County” means the County of Solano, California.

“Density” means for each Assessor’s Parcel of Taxable Property the number of Dwelling Units per Acre determined pursuant to City’s Zoning Ordinance, or applicable Specific Plan, or a project-specific approval, whichever reflects the most accurate number of Dwelling Units planned for the project.

“Developed Property” means an Assessor’s Parcel within the CFD for which a Certificate of Occupancy was issued on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied, based on the number of Dwelling Units, the amount of Commercial or Office building floor area, and/or the amount of Industrial lot area included in each Certificate of Occupancy for that Assessor’s Parcel.

“Dwelling Unit” means each separate residential unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential units, in which a person or persons may live, which comprises an independent facility and is not considered to be for non-residential use only.

“Exempt Property” means for each Fiscal Year, an Assessor’s Parcel within the CFD not subject to the Special Tax. Exempt Property includes: (i) Public Property, (ii) Property Owner Association Property, (iii) Affordable Units, (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Undeveloped Property and (vi) property reasonably designated by the City or CFD Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors.

“Final Map” means an Assessor’s Parcel Map, a Final Subdivision Map, parcel map, condominium plan, or any other map functionally considered to be an equivalent development map that has been recorded in the Office of the County Recorder.

“Final Subdivision Map” means a subdivision of property creating single family residential buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 6610 et seq.), or recordation of a condominium plan pursuant to California Civil Code Section 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to April 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“High Density Residential Housing” means all Assessor’s Parcels of Developed Property for which a building permit has been issued as of April 1st preceding the Fiscal Year in which the Special Tax is being levied for a residential structure consisting of two or more Dwelling Units, including, but not limited to, duplexes, triplexes, townhomes, condominiums, and apartment units intended for multi-family apartment and condominium development of 18 Dwelling Units or greater per Acre.

“Industrial Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for any allowable use in an industrial zoning district, as described in Section 25.24 of the Zoning Ordinance, which is not an office or financial institution and all other property considered industrial as coded by the County’s assessor or as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Land Use Class” means any of the classes listed in Table 1.

“Lot” means an individual legal lot created by a Final Map for which a Building Permit could or has been issued.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section “C” below, that can be levied by the CFD in any Fiscal Year on any Assessor’s Parcel.

“Mixed-Use Property” means an Assessor’s Parcel of Developed Property containing or planned for containing a structure or structures that consists of one or more Dwelling Units, but also has dedicated space for non-residential use.

“Multi-Family Residential” means an Assessor’s Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure or structures consisting of two or more Dwelling Units, including, but not limited to, duplexes, triplexes, town homes, condominiums, and apartment units, intended for development of less than 18 Dwelling Units per Acre, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Non-Residential” means an Assessors’ Parcel within the CFD for which a Building Permit has been issued for a non-residential use and which does not contain any Dwelling Units.

“Office Property” means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for an office or financial institution in an industrial zoning district, as described in Section 25.4 of the Zoning Ordinance. Office property includes all office and financial institutions, as described in Table 25-11 of the Zoning Ordinance and all other property considered office as coded by the County's assessor or as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Open Space” means any lands and interest in lands of a term of not less than five years, including easements, rights-of-way, and other interests, deemed appropriate for the use as public open space in, around, or adjacent to the City of Fairfield.

“Open Space Operation” means the estimated and reasonable costs of operating public open space lands including maintenance of improvements, fire control measures, educational programs and park ranger services. The costs for these activities include but not limited to (i) the costs of contracting for open space operation services, (ii) the salaries and benefits of City staff, including staff, that directly provide open space operation services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, and (iv) City overhead costs associated with providing such services within the CFD.

“Open Space Operation Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Open Space Operation applicable to the CFD for such Fiscal Year.

“Park” means a public park owned by the City of Fairfield, as defined in Section 12B.1 of the Municipal Code of the City of Fairfield.

“Park Maintenance” means the estimated and reasonable costs of providing park maintenance, including but not limited to (i) the costs of contracting for park maintenance services, (ii) the salaries and benefits of City staff, including maintenance staff, that directly provide park maintenance services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, and (iv) City overhead costs associated with providing such services within the CFD.

“Park Maintenance Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Park Maintenance applicable to the CFD for such Fiscal Year.

“Property Owner Association Property” means for each Fiscal Year any property within the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to a property owner association, including any master or sub-association.

“Proportionately” means for Developed Property, the ratio of the actual Special Tax levied per Unit to the Maximum Special Tax per Unit for Developed Property is equal for all Assessor’s Parcels of Developed Property.

“Public Property” means for each Fiscal Year any property within the CFD that is, or is expected to be, used for rights-of-way, parks, public schools or any other public purpose determined by the CFD Administrator or is owned by or irrevocably offered for dedication to the federal government, the State, the County, the City or any other public agency. Public Property does not include property for which a public agency is a landowner within the meaning of Section 53317(f) of the Act.

“Public Safety Services” means the estimated and reasonable costs of providing police services, fire protection and suppression services, and paramedic services including but not limited to (i) the costs of contracting for police, fire, and paramedic services, (ii) the salaries and benefits of City staff, if the City directly provides police services, fire protection and suppression services, and/or paramedic services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, and (iv) City overhead costs associated with providing such services within the CFD.

“Public Safety Services Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Public Safety Services applicable to the CFD for such Fiscal Year.

“Reserve Fund for Maintenance” means a fund that shall be created and maintained for the CFD for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

“Single-Family Residential” means an Assessors’ Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure consisting of one single-family Dwelling Unit, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Special Tax” means the Special Tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement and shall include Special Taxes levied or to be levied under Sections “C” and “D”, below.

“Special Tax Requirement” means that amount required in any Fiscal Year for the CFD to pay for: (i) the Public Safety Services Requirement; (ii) the Open Space Operation Requirement; (iii) the Park Maintenance Requirement; (iv) reasonable Administrative Expenses; (v) any amounts required to establish or replenish a reserve fund that will not exceed 50% of the Special Tax requirement for that Fiscal Year; (vi) any amounts required to establish or replenish the Reserve Fund for Maintenance to the Reserve Fund for Maintenance Requirement; and (vii) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less any surplus of funds available from the previous Fiscal Year’s Special Tax levy.

“State” means the State of California.

“Taxable Property” means all Assessor's Parcels within the CFD that are not Exempt from the Special Tax pursuant to law or as defined herein.

“Undeveloped Property” means, for each Fiscal Year, an Assessor’s Parcel within the CFD for which a Certificate of Occupancy has not been issued on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied and is not classified as Property Owner Association Property or Public Property, including an Assessor’s Parcel that is designated as a remainder parcel by any final documents and/or maps available to the CFD Administrator.

“Zoning Ordinance” means the Zoning Ordinance adopted by the City of Fairfield, as found in Chapter 25 of the Fairfield City Code.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2012-13, using the definitions above, each Assessor’s Parcel within the CFD shall be classified as Taxable Property or Exempt Property. In addition, each Fiscal Year, beginning with Fiscal Year 2012-2013, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property or Undeveloped Property. Developed Property shall be further classified as Single-Family Residential, Multi-Family Residential, High Density Residential, Mixed-Use Property, Commercial Property, Office Property, or Industrial Property.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1

**Maximum Special Tax for Developed Property
Community Facilities District No. 2012-2
Fiscal Year 2012-13 (Base Year)**

Land Use Class	Description	Maximum Special Tax
1	Single-Family Residential	\$736.77 per Dwelling Unit
2	Multi-Family Residential	\$503.28 per Dwelling Unit
3	Mixed-Use Property	Sum of applicable Land Uses, Maximum Special Tax Rate
4	High Density Residential	\$489.68 per Dwelling Unit
5	Commercial	\$0.21 per gross square foot of building floor area
6	Office	\$0.07 per gross square foot of building floor area
7	Industrial	\$0.02 per net square foot of lot area

On each July 1st following the Base Year, the Maximum Special Tax rates in Table 1 shall be increased in accordance with the Annual Escalation Factor.

2. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section A.

For each Fiscal Year, if the use or ownership 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 Section A, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.1.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2012-13, and for each subsequent Fiscal Year, the CFD Administrator shall calculate the Special Tax Requirement based on the definitions in Section "A" and levy the Special Tax as follows until the amount of the Special Tax levied equals the Special Tax Requirement:

The Special Tax shall be Proportionately levied each Fiscal Year on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax. The applicable Maximum Special Tax shall be based on the Developed Property's classification as Single-Family Residential, Multi-Family Residential, Mixed-Use Property, High Density Residential, Commercial, Office or Industrial Property.

E. APPEALS

Any landowner who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any, the landowner believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such written notice, the City Clerk shall forward a copy of such notice to the City Engineer who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

F. MANNER OF COLLECTION

Special Taxes levied pursuant to Section "D" above shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the CFD may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD or as otherwise determined appropriate by the City Council.

G. TERM OF SPECIAL TAX

Taxable Property in the CFD shall remain subject to the Special Tax in perpetuity or until the City Council takes appropriate actions to terminate the Special Tax pursuant to the Act.