

EXHIBIT A

DESCRIPTION OF AUTHORIZED CFD PUBLIC SERVICES

The following public services within the City of Cotati Community Facilities District No. 2017-01 (Services) (“CFD No. 2017-01”) are the Authorized CFD Public Services that are eligible to be financed by CFD No. 2017-01 to the extent authorized by Section 53313 of the Act (“Section 53313”).

Police Protection Services, as more fully described in subsection (a) of Section 53313;

Maintenance and Lighting of parks, parkways, streets, roads and open space, as set forth in subsection (d) of Section 53313; and

Flood and Storm Protection Services, as more fully described in subsection (e) of Section 53313.

Without limiting the generality of the foregoing, the cost and expense of providing these services may include the establishment and maintenance of customary and reasonable reserves for the purchase of supplies and replacement parts (e.g., a prudent supply of replacement street lights and emergency sand bags).

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT FOR CITY OF COTATI COMMUNITY FACILITIES DISTRICT NO. 2017-01 (PUBLIC SERVICES)

CITY OF COTATI, COUNTY OF SONOMA, STATE OF CALIFORNIA

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Cotati Community Facilities District No. 2017-01 (Public Services), City of Cotati, County of Sonoma, State of California ("CFD No. 2017-01") and collected each Fiscal Year commencing in Fiscal Year 2017-18, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," as described below. All of the real property in CFD No. 2017-01, unless exempted by law or by the provisions hereof, shall be taxed for these purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2017-01: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or any designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs to the City, CFD No. 2017-01, or any designee thereof of complying with CFD No. 2017-01 or obligated persons disclosure requirements associated with the Act; 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. 2017-01, or any designee thereof related to an appeal of the Special Tax; 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. 2017-01 for any other administrative purposes of CFD No. 2017-01, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" or **"Parcel"** means a lot 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 of the County designating parcels by Assessor's Parcel number.

"Authorized Services" means those services eligible to be funded by CFD No. 2017-01, as defined in the Resolution of Formation and authorized to be financed by CFD No. 2017-01 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2017-01 shall finance

Authorized Services only to the extent that they are in addition to those provided in the territory of CFD No. 2017-01 before the CFD was created and such Authorized Services may not supplant services already available within CFD No. 2017-01 when the CFD was created.

“Building Permit” means a permit issued by the City or other governmental agency for the construction of a residential or non-residential building on an Assessor’s Parcel.

“CFD Administrator” means an official of the City or CFD No. 2017-01, or any designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2017-01” means City of Cotati Community Facilities District No. 2017-01 (Public Services), City of Cotati, County of Sonoma, State of California.

“City” means the City of Cotati.

“Council” means the City Council of the City of Cotati, acting as the legislative body of CFD No. 2017-01.

“County” means the County of Sonoma.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which a Building Permit was issued after January 1, 2017 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

“Dwelling Unit” means a building or portion thereof designed for and occupied in whole or part as a residence or sleeping place, either permanently or temporarily, by one (1) family and its guests, with sanitary facilities and one (1) kitchen provided within the unit. Boarding or lodging houses, dormitories, and hotels shall not be defined as Dwelling Units unless the land use permit specifies a residential use.

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

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

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

“Multi-Family Residential Property” means, all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing a Dwelling Unit that shares an inside wall with another Dwelling Unit, and consists of more than two (2) Dwelling Units, including, but not limited to, triplexes, condominiums, and apartment units.

“Property Owner Association Property” means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 2017-01 that is owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, not including any such property that is located directly under a residential or non-residential structure.

“Proportionately” means that the ratio of the actual annual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property.

“Public Property” means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2017-01 that is owned by or irrevocably offered for dedication to the Federal government, the State, the City, or any other public agency; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, as such section may be amended or replaced, shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 2017-01 that is encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

“Rate and Method of Apportionment” or **“RMA”** means this Rate and Method of Apportionment of Special Tax.

“Residential Property” means, for each Fiscal Year, all Assessor’s Parcels of Developed Property for which a Building Permit was issued after January 1, 2017 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied, for purposes of constructing one (1) or more residential Dwelling Units.

“Resolution of Formation” means the resolution adopted by the Council pursuant to Section 53325.1 of the Act, establishing CFD No. 2017-01.

“San Francisco Urban Consumer Price Index” means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco – Oakland – San Jose Area, measured as of the month of December in the calendar year that ends in the previous Fiscal Year. In the event this index ceases to be published, the San Francisco Urban Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the San Francisco – Oakland – San Jose Area.

“Single Family Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one (1) single-family residential Dwelling Unit.

“Special Tax” or **“Special Taxes”** means the special tax or special taxes to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property to fund the Special Tax Requirement.

“Special Tax Requirement” means that amount to be collected in any Fiscal Year for CFD No. 2017-01 to pay for certain costs as required to meet the needs of CFD No. 2017-01 in that Fiscal Year. The costs to be covered shall be the direct costs for (i) Authorized Services, including the establishment of reserves for future costs of Authorized Services, (ii) Administrative Expenses, and (iii) an amount to cover anticipated delinquencies for the payment of the Special Tax, based on the delinquency rate for the preceding Fiscal Year; less (iv) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax Requirement include debt service payments for debt financings by CFD No. 2017-01.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2017-01 which are not exempt from the Special Tax pursuant to law or Section E below.

“**Undeveloped Property**” means, for each Fiscal Year, all property not classified as Developed Property, Property Owner Association Property, or Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor’s Parcels within CFD No. 2017-01, shall be classified by the CFD Administrator as Developed Property, Undeveloped Property, Property Owner Association Property, or Public Property, and shall be subject to annual Special Taxes in accordance with this Rate and Method of Apportionment as determined by the CFD Administrator pursuant to Sections C and D below. The CFD Administrator’s allocation of property to each type of Land Use Class shall be conclusive and binding. However, only Developed Property shall be subject to annual Special Taxes in accordance with the Rate and Method of Apportionment as determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2017-18 for Developed Property is shown below in Table 1. Under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

TABLE 1

**Maximum Special Taxes for Developed Property
For Fiscal Year 2017-18
Community Facilities District No. 2017-01**

Land Use Class	Land Use	Fiscal Year 2017-2018 Maximum Special Tax
1	Single Family Residential Property	\$644.86 per Dwelling Unit
2	Multi-Family Residential Property	\$429.91 per Dwelling Unit

b. Multiple Land Use Classes

In some instances, an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel.

c. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2018, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the San Francisco Urban Consumer Price Index (during the twelve (12) months prior to December of the previous Fiscal Year) or two percent (2.00%), with a maximum annual increase of four (4.00%) percent for any given Fiscal Year.

2. Undeveloped Property

No Special Taxes shall be levied on Undeveloped Property.

3. Prepayment of Special Tax

No prepayment of the Special Tax shall be permitted in CFD No. 2017-01.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2017-18 and for each following Fiscal Year, the City Council shall levy the annual Special Tax Proportionately for each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax, until the amount of Special Taxes equals the Special Tax Requirement.

E. EXEMPTIONS

In addition to Undeveloped Property being exempt from annual Special Taxes, no Special Tax shall be levied on Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, such Assessor's Parcel shall, upon each reclassification, no longer be exempt from Special Taxes.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the City Council by filing a written notice of appeal with the clerk of the City, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CFD Administrator's determination. The CFD Administrator may charge the appellant a reasonable fee for processing the appeal.

The City may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City will be final and binding as to all persons.

G. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary or otherwise advisable to meet its financial obligations for CFD No. 2017-01, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed to CFD No. 2017-01 from time to time. As each annexation is proposed, an analysis may be prepared to determine the annual cost for providing Authorized Services to such parcels. Based on this analysis, any parcels to be annexed, pursuant to California Government Code Section 53339 *et seq.* will be assigned the approximate Maximum Special Tax rates when annexed.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Special Tax Requirement, unless no longer required to pay for Authorized Services as determined at the sole discretion of the Council.

EXHIBIT C

INCIDENTAL EXPENSES

It is anticipated that the following incidental expenses may be incurred in the proposed legal proceedings for formation of CFD No. 2017-01 and in the ongoing process of providing for the Authorized CFD Public Services described in Exhibit A to this resolution and in the collection, administration and enforcement of the Special Tax in accordance with the RMA:

- a. City staff and consulting costs associated with the management and supervision of CFD Authorized Public Services activities, including management of contractors.
- b. City staff and consulting costs associated with annual reports and budget preparation in order to levy, collect, administer and enforce payment of the Special Tax, together with the administrative fee collected by the County to place the Special Tax on the tax roll; and other costs and expenses of the City related to administration of the Special Tax.

The foregoing enumeration shall not be regarded as exclusive and shall be deemed to include any other incidental expenses of a like nature which may be incurred from time to time with respect to CFD No. 2017-01.

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