

**CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(KIERNAN BUSINESS PARK WEST)**

FORMATION HEARING REPORT

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CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(KIERNAN BUSINESS PARK WEST)

INTRODUCTION. The City Council (the “City Council”) of the City of Modesto (the “City”) did on August 14, 2007, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Law”), adopt Resolution No. 2007-484, a Resolution declaring its intention to establish the City of Modesto Community Facilities District No. 2007-2 (Kiernan Business Park West) and to authorize the levy of a special tax within the CFD. In the Resolution of Intention, the City Council expressly ordered the preparation of a written Formation Hearing Report (the “Report”) for the proposed Community Facilities District (the “District”), as required by Section 53321.5 of the Law.

Section 53321.5 of the Law does direct that the Report generally contain the following:

1. A brief description of the facilities and services to be funded by the District; and
2. An estimate of the cost of providing the facilities and services.

For particulars, reference is made to the Resolution of Intention for the District, as previously approved and adopted by the City Council.

NOW, THEREFORE, the following data is submitted pursuant to the direction of the City Council:

A. DESCRIPTION OF SERVICES AND FACILITIES. A description of the services and facilities eligible to be funded by the District is provided in Exhibit “A” attached hereto and hereby made a part hereof.

B. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the District are those parcels on which special taxes may be levied to pay for the costs of the services and facilities. The proposed boundaries of the District are described in the map of the District recorded in Book 4 on Page 96 of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Stanislaus, a copy of which map is on file with the City Clerk. Additional property is expected to be annexed into the District in future years; an amended boundary map will be recorded after each annexation.

C. COST ESTIMATE. The cost estimate for funding the CFD improvements and the calculation of each parcel’s fair share of the improvements is set forth in Exhibit “B” attached hereto and hereby made a part hereof. The fair share amounts for properties other than Kaiser will be paid in the form of a one-time facilities special tax, which will be used to reimburse Kaiser for building the improvements and to pay CFD administrative expenses.

The cost estimate for funding the authorized services, as well as CFD parcel information, is shown in Table 1 of Exhibit “C” attached hereto and hereby made a part hereof. Table 2 of Exhibit “C” shows the calculation of the maximum annual maintenance special tax for each parcel (based on acreage) and the calculation of the maximum one-time facilities special tax for each parcel (based on the information presented in Exhibit “B”).

D. DESCRIPTION OF THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. A one-time facilities special tax will be levied on all parcels of taxable property at the issuance of a structural building permit. In addition, an annual maintenance special tax will be levied on all parcels of taxable property pursuant to the Rate and Method of Apportionment of Special Taxes (the "RMA"). The RMA, in its entirety, is set forth in Exhibit "D" attached hereto and hereby made a part hereof. Assessor's Parcels included in the CFD at the time of CFD Formation and an Assessor's Parcel expected to annex into the CFD are identified in Attachment 1 of the RMA.

EXHIBIT A

CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2007-2 (KIERNAN BUSINESS PARK WEST)

DESCRIPTION OF AUTHORIZED SERVICES AND FACILITIES TO BE FUNDED BY COMMUNITY FACILITIES DISTRICT NO. 2007-2

The authorized services to be funded by special tax revenues include maintenance and repair of parkways, landscaped medians, the bike path, well site, storm drainage pump and basin, and related facilities, including but not limited to, concrete curbs and walks, trees, shrubs, vines, ground cover, turf, lights and irrigation systems. The services to be provided include, but are not limited to, litter and debris removal, graffiti abatement, painting repairs to landscape structures, pruning, staking, fertilizing, plant replacement and restoration, fire and weed control, erosion control, mowing of lawns, trimming of vegetation, and maintenance, repair and replacement of lighting systems.

The facilities described below are the facilities which the CFD is authorized to fund:

- Dale Road between Kiernan Ave. and Pelandale Ave. This road segment includes a landscaped median and a landscaped parkway strip.
- Healthcare Way between Dale Road and the western edge of the Kaiser facility. This road segment includes a landscaped median.
- Bangs Avenue from Dale Road to American Avenue. This road segment includes a landscaped median and a landscaped parkway strip.

The installation of authorized facilities may, but will not necessarily include, concrete curbs and walks, trees, shrubs, ground cover, lights, and irrigation systems.

The District may also fund any of the following: (i) administrative fees of the City related to the District, including costs associated with preparing the annual special tax levy, or (ii) costs associated with legal services, advertising, legal notices, and mailings related to formation or administration of the District.

EXHIBIT B

**CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(KIERNAN BUSINESS PARK WEST)**

FACILITIES COST ESTIMATES

**Anticipated Costs for Kiernan WEST CFD
CFD ONLY IMPROVEMENTS**

Roadway Segments	Estimated Cost [^]	Leapin Lizards		Bridges		Kaiser		Kiernan- EAST		Kiernan - SOUTH	
		% share	Cost	% share	Cost	% share	Cost	% share	Cost	% share	Cost
Dale: Kiernan to Healthcare	\$ 553,000	4%	\$ 21,234	6%	\$ 34,066	50%	\$ 276,500	36%	\$ 199,080	4%	\$ 22,120
Dale: Healthcare to Kaiser entrance (includes signal)	\$ 1,200,000	11%	\$ 129,018	17%	\$ 206,982	36%	\$ 432,000	34%	\$ 408,000	2%	\$ 24,000
Dale: Kaiser entrance to Bangs (includes signal)	\$ 872,000	7%	\$ 56,921	10%	\$ 91,319	46%	\$ 401,120	36%	\$ 313,920	1%	\$ 8,720
Dale: Bangs to Fleur de Lis	\$ 265,000	5%	\$ 13,228	8%	\$ 21,222	47%	\$ 124,550	36%	\$ 95,400	4%	\$ 10,600
Dale: Fleur de Lis to Pelandale	\$ -	5%	\$ -	8%	\$ -	47%	\$ -	36%	\$ -	4%	\$ -
Subtotal Dale Rd	\$ 2,890,000		\$ 220,402		\$ 353,588		\$ 1,234,170		\$ 1,016,400		\$ 65,440
Average Share of Dale Improvements:		6.22%		9.98%		45.20%		35.60%		3.00%	
Bike Trail along MID canal*	\$ 238,000	0.00%	\$ -	0.00%	\$ -	100.00%	\$ 238,000	0%	\$ -	0%	\$ -
Healthcare: Dale to western portion of Kaiser	\$ 825,000	5.38%	\$ 44,350	8.62%		86%	\$ 709,500	0%	\$ -	0%	\$ -
Bangs Ave: Dale to American Ave	\$ 1,162,000	2.69%	\$ 31,233	4.31%	\$ 50,107	37%	\$ 429,940	36%	\$ 418,320	20%	\$ 232,400
Subtotal Healthcare + Bangs + Bike Trail	\$ 2,225,000		\$ 75,583		\$ 50,107		\$ 1,377,440		\$ 418,320		\$ 232,400
Total KAISER-BUILD (Dale/Healthcare/Bangs)	\$ 5,115,000		\$ 295,984		\$ 403,695		\$ 2,611,610		\$ 1,434,720		\$ 297,840

Less CFF portion of Dale Rd. \$ (1,220,000) \$ (75,890) \$ (121,750) \$ (551,440.00) \$ (434,320.00) \$ (36,600.00)

Kaiser waived CFF credit

Total Kaiser-Build less CFF portion of Dale Rd. \$ 3,895,000

Less Kaiser's share: \$ (2,611,610)

Reimbursement to Kaiser from CFD: \$ 1,283,390 \$ 156,178 \$ 213,013 \$ - \$757,041.00 \$157,157.56

* percentage based on parcel area
Kaiser-build improvements

% mitigation

Bike Trail Split		
Kaiser	49.43	56.00%
Bridges	23.92	27.10%
Leapin Lizards	14.91	16.89%
	88.26	

Leapin Lizards= 14.91 AC
APN 078-013-040, 12.78 AC
APN 078-013-039, 2.13 AC
Bridges = 23.92 AC
APN 078-013-006, 7.23 AC
APN 078-013-037, 16.13 AC
Other=56 AC
APN 078-013-018, .56 AC
Kaiser = 49.43 AC
APN 078-013-035, 49.43 AC

(previously known as 078-013-007)

30.23% \$64,385
67.43% \$143,641
2.34% \$4,987

Leapin Lizards=12.78AC + 2.13AC = 14.91
Bridges=16.13 AC + 7.225 AC +.562AC = 23.92
Kaiser = 49.43 AC

38.40%
61.60%

EXHIBIT C

**CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT No. 2007-2
(KIERNAN BUSINESS PARK WEST)**

**SERVICES COST ESTIMATES AND
CALCULATION OF MAXIMUM SPECIAL TAXES**

TABLE 1

**CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(Kiernan Business Park West)**

**MAINTENANCE COST ESTIMATES AND PARCEL INFORMATION
(ALL FIGURES IN 2007 DOLLARS)**

<i>Cost Estimates *</i>	
Annual Maintenance Costs - All Parcels	
Landscape Maintenance	\$16,000
Annual CFD Administration Costs	<u>\$15,000</u>
Total Annual Costs to be Funded by All Parcels in the CFD	\$31,000
Annual Maintenance Costs - Leapin Lizards and Kaiser	
Storm Drainage Maintenance	<u>\$99,600</u>
Total Annual Costs to be Funded by Leapin Lizards and Kaiser	\$99,600
Total Annual Costs to be Funded by the CFD	\$130,600
<i>Parcel Numbers and Acreage</i>	
<u>APN</u>	<u>Acreage</u>
078-013-006	7.23
078-013-018	0.56
078-013-035	49.43
078-013-037	16.13
078-013-040	14.91
Total CFD Acreage (Ultimate Boundaries)	<u>88.26</u>

* Represents total estimated costs for authorized services once all properties anticipated to annex into the District have been annexed. Prior to such time, actual expenditures will be limited to special tax revenues collected within the District.

TABLE 2

CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(Kiernan Business Park West)

CALCULATION OF MAXIMUM SPECIAL TAXES
(ALL FIGURES IN 2007 DOLLARS)

<u>Annual Costs to be Funded by All Parcels in the CFD</u>				
Total Annual Costs to be Funded by All Parcels		\$31,000		
Acreage of All Parcels Included in Ultimate CFD Boundaries		<u>88.26</u>		
Maximum Annual Maintenance Special Tax per Acre		\$351.23		
<u>Annual Costs to be Funded by Leapin Lizards and Kaiser</u>				
Total Annual Costs to be Funded by Leapin Lizards and Kaiser		\$99,600		
Acreage of Leapin Lizards and Kaiser Parcels		<u>64.34</u>		
Maximum Annual Maintenance Special Tax per Acre		\$1,548.03		
<u>Maximum Annual Special Taxes</u>				
<u>APN</u>	<u>Acreage</u>	<u>Maximum Annual Maint. Special Tax</u>		
Leapin Lizards				
078-013-040	14.91	\$28,318		
Bridges				
078-013-006	7.23	\$2,539		
078-013-037	<u>16.13</u>	<u>\$5,665</u>		
Subtotal	23.36			
Other				
078-013-018	0.56	\$197		
Kaiser				
078-013-035	<u>49.43</u>	<u>\$93,880</u>		
Total	88.26	\$130,600		
<u>Maximum One-Time Special Taxes **</u>				
<u>APN</u>	<u>Acreage</u>	<u>Share of Kaiser Improvements /1</u>	<u>Admin Costs</u>	<u>Maximum One-Time Special Tax</u>
Leapin Lizards				
078-013-040	14.91	\$156,178	\$1,920	\$158,098
Bridges				
078-013-006	7.23	\$64,385	\$931	\$65,316
078-013-037	<u>16.13</u>	<u>\$143,641</u>	<u>\$2,077</u>	<u>\$145,718</u>
Subtotal	23.36	\$208,026	\$3,008	
Other				
078-013-018	0.56	\$4,987	\$72	\$5,059
Kaiser				
078-013-035	<u>49.43</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	88.26	\$369,191	\$5,000	

/1 Determined by the City of Modesto.

** APN 078-013-040 is not included in the CFD at CFD Formation but is expected to annex into the CFD. Supporting documentation for the parcels' share of Kaiser improvements is shown in Exhibit "B".

EXHIBIT D

**CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT No. 2007-2
(KIERNAN BUSINESS PARK WEST)**

**AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES**

CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(KIERNAN BUSINESS PARK WEST)

AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor's Parcel in Community Facilities District No. 2007-2 (Kiernan Business Park West) [herein "CFD No. 2007-2" or "the CFD"] shall be levied and collected according to the tax liability determined by the City Council of the City of Modesto, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2007-2, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2007-2 unless a separate Rate and Method of Apportionment is adopted for the annexation area.

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, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means any or all of the following: expenses incurred by the City in carrying out its duties with respect to CFD No. 2007-2, including, but not limited to, levying and collecting the Special Taxes; the fees and expenses of legal counsel; charges levied by the County Auditor's Office, Tax Collector's Office, and/or Treasurer's Office; costs related to annexing property into the CFD; costs related to property owner inquiries regarding the Special Taxes; and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

"Administrator" means the person or firm designated by the City to administer the Special Taxes according to this Rate and Method of Apportionment of Special Taxes.

"Annual Maintenance Special Tax" means a special tax levied in any Fiscal Year to pay the Annual Maintenance Special Tax Requirement, as defined below.

"Annual Maintenance Special Tax Requirement" means that amount necessary in any Fiscal Year to (i) pay for Authorized Services, (ii) pay Administrative Expenses, and (iii) cure any delinquencies in the payment of Annual Maintenance Special Taxes levied in prior Fiscal Years or

(based on delinquencies in the payment of Annual Maintenance Special Taxes which have already taken place) are expected to occur in the current Fiscal Year.

“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 County Assessor designating parcels by Assessor’s Parcel number.

“Authorized Services” means those services that are authorized to be funded by CFD No. 2007-2.

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 2007-2 was adopted by the City Council.

“City” means the City of Modesto.

“City Council” means the City Council of the City of Modesto, acting as the legislative body of CFD No. 2007-2.

“County” means the County of Stanislaus.

“Final Map” means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates lots which do not need to be further subdivided prior to issuance of a building permit for a structure. The term “Final Map” shall not include any Assessor’s Parcel Map or subdivision map or portion thereof, that does not create lots that are in their final configuration, including Assessor’s Parcels that are designated as remainder parcels.

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

“Maximum Annual Maintenance Special Tax” means the greatest amount of Annual Maintenance Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

“Maximum One-Time Facilities Special Tax” means the greatest amount of One-Time Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

“Maximum Special Taxes” means, collectively, the Maximum One-Time Facilities Special Tax and the Maximum Annual Maintenance Special Tax.

“Net Taxable Acreage” or **“Net Taxable Acre”** means the total acreage within a Final Map or Parcel less arterial road right-of-ways and property that is defined in the Final Map for use as a park site, school site, or City-owned or CFD-owned storm drainage basin. If a Subdivision Map is recorded which is not a Final Map for some or all Parcels created by the subdivision, the

Administrator shall calculate the Net Taxable Acreage of such unsubdivided Parcels by identifying the Acreage of the Parcel and (i) adding a portion of the acreage of any non-arterial right-of-way that fronts the Parcel determined by drawing lines at right angles to the right-of-way, and (ii) subtracting a portion of the acreage of any arterial right-of-way that fronts the Parcel determined by drawing lines at right angles to the right-of-way. The Net Taxable Acreage of a Parcel or Final Map shall be determined in the sole discretion of the City.

“One-Time Facilities Special Tax” means a Special Tax, levied and collected in full by the City prior to a structural building permit being issued for new construction on Taxable Property.

“Original Parcel” means an Assessor’s Parcel included in CFD No. 2007-2 at the time of CFD Formation or added to the CFD upon annexation. Assessor’s Parcels included in the CFD at the time of CFD Formation and an Assessor’s Parcel expected to annex into the CFD are identified in Attachment 1 hereto. A Successor Parcel that is being further subdivided shall also be considered an Original Parcel for purposes of determining the Maximum Special Taxes pursuant to Section C below.

“Proportionately” means that the ratio of the actual Annual Maintenance Special Tax levied in any Fiscal Year to the Maximum Annual Maintenance Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Taxable Property.

“Public Property” means any property within the boundaries of CFD No. 2007-2 that is owned by the federal government, State of California, County, City, or other public agency.

“Special Taxes” means, collectively, the One-Time Facilities Special Tax and the Annual Maintenance Special Tax.

“Subdivision Map” means a Final Map, large lot subdivision map, or other map recorded with the County that results in the subdivision of an Original Parcel into two or more Successor Parcels.

“Successor Parcel” means an Assessor’s Parcel of Taxable Property created by the subdivision or reconfiguration of an Original Parcel on which construction of a structure is permitted.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2007-2 which are not exempt from the Special Tax pursuant to law or Section G below.

“Taxable Public Property” means, in any Fiscal Year, all Parcels of Public Property within CFD No. 2007-2 that, at the time of CFD Formation, were expected to be Taxable Property, and, based on this expectation, Maximum Special Taxes were assigned to the Parcels in a prior Fiscal Year.

B. DATA FOR ANNUAL ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall determine (i) the current Assessor’s Parcel numbers for all Parcels of Taxable Property in CFD No. 2007-2, (ii) the Net Taxable Acreage of each Parcel, and (iii) the Annual Maintenance Special Tax Requirement.

C. MAXIMUM SPECIAL TAXES

1. Original Parcels

Table 1 below identifies the Maximum One-Time Facilities Special Tax and Maximum Annual Maintenance Special Tax assigned to each Original Parcel in the CFD at the time of CFD Formation. Separate Maximum Special Taxes shall be assigned to Parcels added to the CFD as a result of future annexations.

**TABLE 1
MAXIMUM SPECIAL TAXES
FISCAL YEAR 2007-08**

<i>Assessor’s Parcel Number</i>	<i>Fiscal Year 2007-08 Maximum One-Time Facilities Special Tax*</i>	<i>Fiscal Year 2007-08 Maximum Annual Maintenance Special Tax*</i>
078-013-006	\$ 65,316	\$ 2,539
078-013-018	\$ 5,059	\$ 197
078-013-035	\$ 0	\$ 93,880
078-013-037	\$ 145,718	\$ 5,665

** Special Taxes shown in Table 1 are subject to the annual adjustments described in Section D below.*

2. Successor Parcels

Upon recordation of a Subdivision Map that subdivides an Original Parcel, the Administrator shall allocate the Maximum Special Taxes assigned to the Original Parcel to each of the Successor Parcels by applying the following steps:

- Step 1:** Determine the total combined Net Taxable Acreage within all Successor Parcels created from subdivision or reconfiguration of the Original Parcel.
- Step 2:** Divide the Maximum One-Time Facilities Special Tax and the Maximum Annual Maintenance Special Tax assigned to the Original Parcel by the Net Taxable Acreage determined in Step 1 to determine a Maximum One-Time Facilities Special Tax and a Maximum Annual Maintenance Special Tax per Net Taxable Acre.

Step 3: Multiply the Maximum Special Taxes per Net Taxable Acre determined in Step 2 by the Net Taxable Acreage of each Successor Parcel of Taxable Property to determine the Maximum One-Time Facilities Special Tax and Maximum Annual Maintenance Special Tax for each Parcel.

If, after subdivision of an Original Parcel, a Successor Parcel is further subdivided, the Successor Parcel shall be treated as an Original Parcel for purposes of allocating Maximum Special Taxes pursuant to Section C.2.

After each reallocation of the Maximum Special Taxes upon subdivision or reconfiguration of Original Parcels, the sum of the Maximum Special Taxes assigned to Successor Parcels shall never be less than the Original Parcel's Maximum Special Tax shown in Table 1, escalated to the current Fiscal Year pursuant to Section D below.

D. ESCALATION OF MAXIMUM SPECIAL TAXES

1. One-Time Facilities Special Tax

Beginning in January 2008 and each January thereafter, the Maximum One-Time Facilities Special Tax assigned to each Parcel shall be increased by an amount equal to four percent (4.0%) of the amount in effect for the prior Fiscal Year. Each annual adjustment of the One-Time Facilities Special Tax shall become effective on the subsequent July 1.

2. Annual Maintenance Special Tax

Beginning in January 2008 and each January thereafter, the Maximum Annual Maintenance Special Tax assigned to each Parcel shall be adjusted by the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1.

E. METHOD OF LEVY OF THE SPECIAL TAX

1. One-Time Facilities Special Tax

The Maximum One-Time Facilities Special Tax determined pursuant to Sections C and D above shall be levied on all Taxable Property in CFD No. 2007-2 and shall be collected as set forth in Section F below.

2. Annual Maintenance Special Tax

Each Fiscal Year, the Administrator shall determine the Annual Maintenance Special Tax Requirement for that Fiscal Year. The Annual Maintenance Special Tax shall then be levied on all Parcels of Taxable Property as follows:

Step 1: The Annual Maintenance Special Tax shall be levied Proportionately on each Parcel of Taxable Property within the CFD up to 100% of the Maximum Annual Maintenance Special Tax for each Parcel for such Fiscal Year.

Step 2: If additional revenue is needed after Step 1, the Annual Maintenance Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property, up to 100% of the Maximum Annual Maintenance Special Tax assigned to each Parcel of Taxable Public Property.

F. COLLECTION OF SPECIAL TAX

The Maximum One-Time Facilities Special Tax shall be collected prior to a building permit being issued for new construction of any structure on Taxable Property within CFD No. 2007-2, and shall be immediately delinquent if not so paid.

The Annual Maintenance Special Tax for CFD No. 2007-2 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, collect at a different time or in a different manner, and/or collect delinquent Annual Maintenance Special Taxes through foreclosure or other available methods. The Annual Maintenance Special Tax shall be levied and collected unless and until the City determines that the Annual Maintenance Special Tax no longer needs to be levied to pay Authorized Services and all Administrative Expenses have been reimbursed.

G. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Taxes, no Special Taxes shall be levied on Public Property except Taxable Public Property, as defined herein.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Taxes.

I. ENFORCEMENT

All delinquent One-Time Facilities Special Taxes, or delinquent Annual Maintenance Special Taxes billed off the County tax roll, shall be subject to an immediate 10% penalty plus interest charges of 1.5 % as of the first day of the month after the delinquency date and on the first day of each month thereafter. Any such delinquent Special Taxes shall, at the City's discretion, be placed on the next secured property tax roll. The amount placed on the roll shall include the 10% penalty and the interest charges through the following January 1. This shall not prevent the City from simultaneously pursuing the delinquency by an action on a contract of guarantee against a third party who promised to pay the taxes, or from assigning such right of action to the property owner or other appropriate party.

**ATTACHMENT 1
CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(KIERNAN BUSINESS PARK WEST)**

**SUMMARY OF ORIGINAL PARCELS
AND MAXIMUM SPECIAL TAXES**

<i>Assessor's Parcel Number</i>	<i>Acreage</i>	<i>Fiscal Year 2007-08 Maximum One-Time Facilities Special Tax*</i>	<i>Fiscal Year 2007-08 Maximum Annual Maintenance Special Tax*</i>
078-013-006	7.23	\$ 65,316	\$ 2,539
078-013-018	0.56	\$ 5,059	\$ 197
078-013-035	49.43	\$ 0	\$ 93,880
078-013-037	16.13	\$ 145,718	\$ 5,665
078-013-040 **	14.91	\$ 158,098	\$ 28,318

* Maximum Special Taxes are subject to the annual adjustments described in Section D of the RMA.

** This Parcel is not included in the CFD at the time of CFD Formation. The Maximum Special Tax shall apply to this Parcel upon annexation into the CFD.