

CITY OF MODESTO
COMMUNITY FACILITIES DISTRICT NO. 2025-2
(VILLAGE ONE TRIANGLE)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor’s Parcel in the City of Modesto Community Facilities District No. 2025-2 (Village One Triangle) shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**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 or other Development Plan.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Part 1, Division 2 of Title 5 of the California Government Code.

“**Administrative Expenses**” means any or all of the following: the expenses of the City in carrying out its duties with respect to the CFD, including, but not limited to, the levy and collection of Special Taxes, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Taxes, costs associated with appeals or requests for interpretation associated with the Special Taxes and this RMA, costs associated with foreclosure and collection of delinquent 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 RMA.

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

“**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.

“Assessor’s Parcel Number” means a unique number assigned to an Assessor’s Parcel by the County Assessor for purposes of identifying a property.

“Authorized Facilities” means the public facilities authorized to be funded by the CFD as set forth in the documents adopted by the City Council when the CFD was formed.

“Authorized Services” means the public services authorized to be funded by the CFD as set forth in the documents adopted by the City Council when the CFD was formed.

“Base Annual Maintenance Special Tax” means the applicable Annual Maintenance Special Tax initially identified in Table 1 of Section C, as may be adjusted pursuant to Section D herein.

“Base One-Time Facilities Special Tax” means the applicable One-Time Facilities Special Tax initially identified in Table 1 of Section C, as may be adjusted pursuant to Section D herein.

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

“Building Permit” means a permit that allows for vertical construction of a building or buildings, which shall not include a separate permit issued for construction of the foundation thereof.

“CFD” means the City of Modesto Community Facilities District No. 2025-2 (Village One Triangle).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD 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 the CFD.

“County” means the County of Stanislaus.

“Developed Property” means, in any Fiscal Year, the following:

For purposes of levying the Annual Maintenance Special Tax:

- for Single Family Detached Property, all Parcels for which a Final Map was recorded prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2024;
- for Single Family Attached Property, all Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2024;
- for Other Property, all parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2024.

For purposes of levying the One-Time Facilities Special Tax: all Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year but not prior to June 30, 2024.

“Development Class” means, individually, Developed Property and Undeveloped Property.

“Development Plan” means a condominium plan, apartment plan, site plan or other development plan that identifies such information as the type of structure, the acreage, the square footage, and/or the number of Units that will be developed on Single Family Attached Property or Other Property.

“Escalation Factor” means, in any Fiscal Year, 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%).

“Expected Maximum Annual Maintenance Special Tax Revenues” means the aggregate Annual Maintenance Special Tax that can be levied based on application of the Base Annual Maintenance Special Tax to the Expected Land Uses. The Expected Maximum Annual Maintenance Special Tax Revenues at CFD Formation are shown in Attachment 1 and may be revised pursuant to Sections D and E below. Updates to Attachment 1 shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

“Expected Maximum One-Time Facilities Special Tax Revenues” means the aggregate One-Time Facilities Special Tax that can be levied based on application of the Base One-Time Facilities Special Tax to the Expected Land Uses. The Expected Maximum One-Time Facilities Special Tax Revenues at CFD Formation are shown in Attachment 1 and may be revised pursuant to Sections D and E below. Updates to Attachment 1 shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

“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 Single Family Detached Lots. The term “Final Map” shall not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof, that does not create Single Family Detached Lots, 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.

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “future annexation area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the CFD, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act.

“Land Use Category” means the categories of land use identified in Table 1 in Section C below.

“Maintenance Special Tax Requirement” means the amount of revenue needed in any Fiscal Year to pay for: (i) Authorized Services, (ii) establishment of reserves, (iii) Administrative

Expenses, and (iv) amounts needed to cure any delinquencies in the payment of Annual Maintenance Special Taxes which have occurred in prior Fiscal Years.

“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 Annual Maintenance Special Tax Revenues” means, for a particular Tax Zone in any Fiscal Year, the aggregate revenues that can be generated if the Maximum Annual Maintenance Special Tax is levied on all Parcels of Taxable Property in that Tax Zone.

“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 Maximum Annual Maintenance Special Tax.

“One-Time Facilities Special Tax” means a special tax levied on Taxable Property to pay the One-Time Facilities Special Tax Requirement.

“One-Time Facilities Special Tax Requirement” means, for a Parcel of Taxable Property in the CFD, the amount needed to pay the Parcel’s share of the cost of Authorized Facilities as determined by the City, which amount shall not exceed the Maximum One-Time Facilities Special Tax assigned to the Parcel pursuant to this RMA.

“Other Property” means any Parcel of Developed Property in the CFD that is not Single Family Attached Property, Single Family Detached Property, Owners Association Property, or Public Property.

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within the CFD.

“Owners Association Property” means any property within the boundaries of the CFD that is owned in fee or through easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means, for each Development Class, 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 parcels assigned to the Development Class.

“Public Property” means any property within the boundaries of the CFD that is owned by the federal government, State of California, County, City, or other public agency.

“Required Annual Maintenance Special Tax Revenues” means the lowest amount of Maximum Annual Maintenance Special Tax Revenues in a Tax Zone that must be available to

the City in any Fiscal Year, although the actual amount levied in any Fiscal Year may be less than Maximum Annual Maintenance Special Tax Revenues. The Required Annual Maintenance Services Revenues for Tax Zone 1 for Fiscal Year 2025-26 is \$880,306, which amount shall be adjusted on July 1, 2026 and each July 1 thereafter by the Escalation Factor. The Required Annual Maintenance Revenues will also be adjusted, as needed, based on Section E below.

“Required One-Time Facilities Special Tax Revenues” means the minimum amount of aggregate One-Time Facilities Special Tax Revenues to be generated from Taxable Property within a particular Tax Zone. The Required One-Time Special Revenues for Tax Zone 1 for Fiscal Year 2025-26 is \$12,462,230 which amount shall be adjusted on July 1, 2026 and each July 1 thereafter by the Escalation Factor. The Required One-Time Facilities Special Tax Revenues will also be adjusted, as needed, based on Section E below.

“RMA” means this Rate and Method of Apportionment of Special Taxes.

“SFD Unit” means a residential dwelling unit that does not share a common wall with another residential dwelling unit.

“Single Family Attached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure consisting of two or more Units that share common walls and are offered as for-sale Units, including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

“Single Family Detached Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit has been or is permitted to be issued for construction of an SFD Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to an approved Tentative Map.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a Building Permit was issued or will be issued for construction of an SFD Unit.

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

“Tax Zone” means a mutually exclusive geographic area within which Special Taxes may be levied pursuant to this RMA. *All property in the CFD at CFD Formation is within Tax Zone 1.* Additional Tax Zones may be created when property is annexed into the CFD, and the amount of each Special Tax will be identified for property within the new Tax Zone at the time of such annexation. The Assessor’s Parcels included within a new Tax Zone established when such Parcels are annexed to the CFD shall be identified by Assessor’s Parcel number in the Unanimous Approval Form that is signed by the owner(s) of the Parcels at the time of annexation.

“Tax Zone 1” means the property included in the CFD at CFD Formation and any property that is subsequently annexed into Tax Zone 1.

“Taxable Property” means all Assessor’s Parcels within the boundaries of the CFD that are not exempt from the Special Tax pursuant to law or Section H below.

“Tentative Map” means a tentative map or substantial conformance exhibit for property in the CFD, including any adjustments or amendments thereto.

“Unanimous Approval Form” means the form executed by the record owner of fee title to the Parcel or Parcels included within the Future Annexation Area and annexed into the CFD that constitutes the property owner’s approval and unanimous vote in favor of annexing the property into the CFD and authorizes the levy of Special Taxes against his/her Parcel or Parcels pursuant to this RMA.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property within the CFD that are not Developed Property.

“Unit” means (i) for Single Family Detached Property, an SFD Unit and (ii) for Single Family Attached Property, an individual residential unit within a duplex, triplex, fourplex, townhome, or condominium structure.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAXES

Each Fiscal Year, the Administrator shall: (i) determine the Tax Zone within which each Parcel of Taxable Property is located; (ii) categorize each Parcel of Taxable Property according to its Development Class; (iii) for Developed Property, categorize each Parcel as Single Family Detached Property, Single Family Attached Property, or Other Property; (iv) for Parcels of Single Family Attached Property, determine the number of Units on each Parcel; (v) for Other Property, determine the Acreage of each Parcel; and (vi) determine the Maintenance Special Tax Requirement for the Fiscal Year.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels is in a different Development Class than other Parcels created by the subdivision, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that apply separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAXES

1. Developed Property

The Maximum Special Taxes for Parcels of Developed Property in Tax Zone 1 shall be the greater of (i) the Base Special Taxes set forth in Table 1 below, or (ii) the Maximum Special Taxes determined pursuant to Section D below. For property that annexes into the CFD, different maximum special tax rates may be established by creating a separate Tax Zone for such annexed property. Alternatively, property may be annexed into Tax Zone 1 or another Tax Zone that was established prior to the annexation, and such property shall be subject to the Maximum Special Taxes applicable to that Tax Zone.

Table 1
Base Special Taxes for Developed Property
Tax Zone 1

Land Use Category	Base One-Time Facilities Special Tax (Fiscal Year 2025-26)*	Base Annual Maintenance Special Tax (Fiscal Year 2025-26)*
Single Family Detached Property	\$22,495 per Residential Unit	\$1,589 per Residential Unit
Single Family Attached Property	\$22,495 per Residential Unit	\$1,589 per Residential Unit
Other Property	\$145,314 per Acre	\$10,259 per Acre

* Beginning July 1, 2026 and each July 1 thereafter, the Maximum Special Taxes shall be adjusted by the Escalation Factor.

2. *Undeveloped Property*

The Maximum Annual Maintenance Special Tax for Undeveloped Property in all Land Use Categories in Tax Zone 1 is \$10,259 per Acre for Fiscal Year 2025-26, which amount shall be increased on July 1, 2026 and each July 1 thereafter by an amount equal to the Escalation Factor.

D. CHANGES TO THE MAXIMUM SPECIAL TAXES

1. *Land Use Changes*

The Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues shown in Attachment 1 were originally calculated based on the Expected Land Uses in Tax Zone 1 at the time of CFD Formation. Attachment 1 is subject to modification upon annexation of property into the CFD and the occurrence of Land Use Changes, as described below. The Administrator shall review all Land Use Changes and compare the revised land uses to the Expected Land Uses within the affected Tax Zone to evaluate the impact on the Expected Maximum Annual Maintenance Special Tax Revenues and Expected One-Time Facilities Special Tax Revenues in the Tax Zone.

If a Land Use Change is proposed or identified that will result in a change in the Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues within a Tax Zone, Steps 1 through 3 below must be applied:

Step 1: By reference to Attachment 1 (which shall be updated by the Administrator each time property is annexed into the CFD and each time a Land Use Change has been processed according to this Section D), the Administrator shall identify the Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues for the affected Tax Zone prior to the Land Use Change.

Step 2: The Administrator shall calculate the Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special

Tax Revenues that could be collected from Taxable Property in the affected Tax Zone after the Land Use Change.

- Step 3:** If the revenues calculated in Step 2 are higher than that determined in Step 1, no further action is needed, and the Administrator shall update Attachment 1 to show the revised Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues for the affected Tax Zone and for the CFD as a whole.

If the revenues calculated in Step 2 are less than those calculated in Step 1, and the Administrator determines that the Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues for the affected Tax Zone are less than the Required Annual Maintenance Special Tax Revenues and Required One-Time Facilities Special Tax Revenues for that Tax Zone, then the Administrator shall:

- i. Identify all remaining Parcels of Undeveloped Property in the affected Tax Zone (the “Adjustment Property”);
- ii. Determine the number of Residential Units and Acres of Other Property, if applicable, that are expected on the Adjustment Property after the Land Use Change;
- iii. Increase the Base Annual Maintenance Special Tax and Base One-Time Facilities Special Tax proportionately for each Land Use Category expected on the Adjustment Property until, when applied to the Expected Land Uses on the Adjustment Property, the Maximum Annual Maintenance Special Tax Revenues and Maximum One-Time Facilities Special Tax Revenues that can be collected within the Tax Zone are equal to the Required Annual Maintenance Special Tax Revenues and Required One-Time Special Tax Revenues for that Tax Zone. The amounts calculated shall thereafter be the Maximum Annual Maintenance Special Tax and Maximum One-Time Facilities Special Tax for each Unit and/or Acre of Other Property, if applicable, when the Adjustment Property becomes Developed Property, which amount shall be increased by the Escalation Factor. The Administrator shall update Attachment 1 to reflect the Expected Land Uses, Maximum Special Taxes, Expected Maximum Annual Maintenance Special Tax Revenues, and Expected Maximum One-Time Facilities Special Tax Revenues for the Adjustment Property.

For purposes of this Step 3.b, a landowner may make a request to the City and the Administrator that the Adjustment Property include only particular Parcels that are under his/her ownership. If such a request is made, the Administrator will calculate the Maximum Special Taxes that would apply to the identified Parcels, and the City shall review the Maximum Special Taxes to determine if the request should be approved based on existing City policies and special tax rates on comparable land uses within the CFD.

The duties imposed on the Administrator to review Land Use Changes and to make the calculations set forth above, are intended only to facilitate administration of the Special Taxes and to better assure the sufficiency of tax capacity to pay for Authorized Facilities and Authorized Services. Such duties are not intended to give any developer, subdivider, or owner of property any right to receive notice of the potential impact of Land Use Changes on the Special Taxes applicable to a Parcel; and each developer, subdivider, or owner of property in the CFD shall be responsible for understanding the impact thereof on the Special Taxes applicable to such property.

Pursuant to this Section D, the Administrator may from time to time update Attachment 1 to reflect revised Expected Maximum Annual Maintenance Special Tax Revenues and Expected Maximum One-Time Facilities Special Tax Revenues. Such update shall be maintained internally by the Administrator and shall not require recordation of an amended RMA.

2. *Conversion of a Parcel to a Taxable Land Use*

If, in any Fiscal Year, a Parcel of Public Property or Owners Association Property that had been exempt from the Special Taxes is converted to a Land Use Category, such Parcel shall be subject to the levy of the Special Taxes. The Maximum Special Taxes for each such Parcel shall be determined based on the applicable Land Use Category and Tax Zone for the Parcel, as determined by the City and the Administrator.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into the CFD, the Administrator shall apply the following steps as part of the annexation:

- Step 1:** Working with City staff, the Administrator shall determine the following for the area being annexed: (i) the Expected Land Uses and (ii) the Tax Zone into which the property is to be annexed.
- Step 2:** The Administrator shall prepare an updated Attachment 1 to reflect the annexed property and identify the revised Expected Land Uses, Tax Zones, and Expected Maximum Annual Maintenance Special Tax Revenues and Maximum One-Time Facilities Special Tax Revenues. After the annexation is complete, the application of this RMA shall be based on the adjusted Expected Land Uses, Expected Maximum Annual Maintenance Special Tax Revenues, and Expected Maximum One-Time Facilities Special Tax Revenues, as applicable, including the newly annexed property.
- Step 3:** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the CFD.

F. METHOD OF LEVY OF THE SPECIAL TAXES

1. One-Time Facilities Special Tax

Prior to issuance of a Building Permit for a Parcel of Taxable Property, the One-Time Facilities Special Tax shall be levied on the Parcel in the amount of the One-Time Facilities Special Tax Requirement for the Parcel, as determined by the City.

2. Annual Maintenance Special Tax

Each Fiscal Year, the Administrator shall determine the 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 Developed 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 Undeveloped Property within the CFD, up to 100% of the Maximum Annual Maintenance Special Tax for each Parcel of Undeveloped Property for such Fiscal Year.

G. COLLECTION OF SPECIAL TAXES

The One-Time Facilities Special Tax shall be collected prior to a Building Permit being issued for any residential or non-residential structure on Taxable Property and shall be immediately delinquent if not so paid.

The Annual Maintenance 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, 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 will continue to be levied and collected unless and until the City determines that Annual Maintenance Special Tax revenues are no longer needed to pay for Authorized Services.

H. EXEMPTIONS

No Special Taxes shall be levied on Public Property or Owners Association Property, as defined herein. Notwithstanding the foregoing, if in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel may be subject to the levy of Special Taxes. In such case, the City shall determine the appropriate Maximum Special Taxes for the Parcel based on the land uses to be constructed on the Parcel.

I. 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 apportioning 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 RMA.

ATTACHMENT 1

**City of Modesto
Community Facilities District No. 2025-2
(Village One Triangle)**

**Expected Maximum Special Tax Revenues
Tax Zone 1**

		One-Time Facilities Special Tax		Annual Maintenance Special Tax	
Land Use Category	Expected Land Uses	Base One-Time Facilities Special Tax (FY 2025-26) *	Expected Maximum One-Time Facilities Special Tax Revenues (FY 2025-26) *	Base Annual Maintenance Special Tax (FY 2025-26) *	Expected Maximum Annual Maintenance Special Tax Revenues (FY 2025-26) *
Single Family Detached Property	554 Residential Units	\$22,495 per Residential Unit	\$12,462,230	\$1,589 per Residential Unit	\$880,306
Single Family Attached Property	0 Residential Units	\$22,495 per Residential Unit	\$0	\$1,589 per Residential Unit	\$0
Other Property	0 Acres	\$145,314 per Acre	\$0	\$10,259 per Acre	\$0
			\$12,462,230		\$880,306

* Beginning July 1, 2026 and each July 1 thereafter, all dollar figures shown above shall be adjusted by the Escalation Factor.