

CITY OF SAN JOSE
Community Facilities District No. 14
(Raleigh-Charlotte)

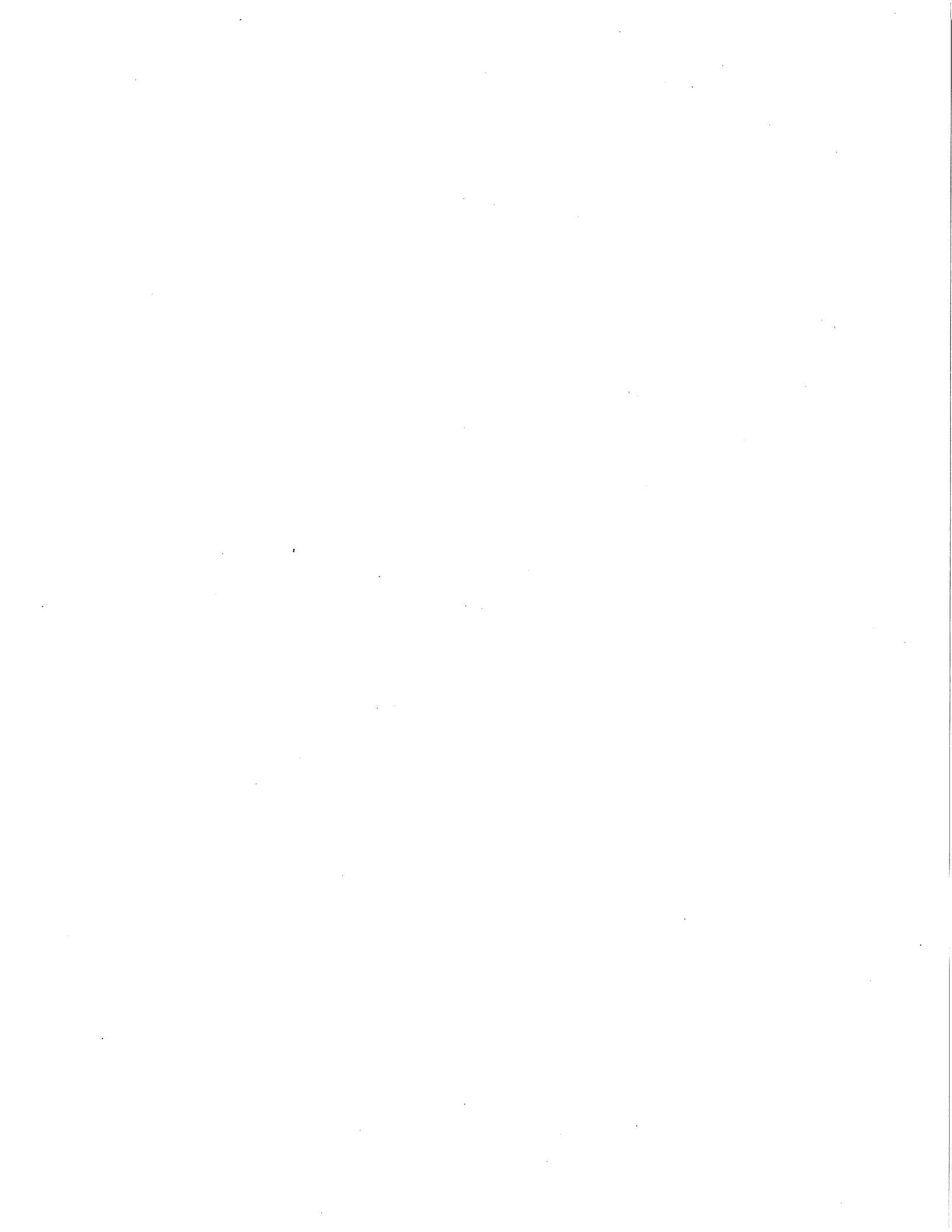
COMMUNITY FACILITIES DISTRICT REPORT

September 20, 2011

Prepared by

City of San José
Department of Public Works
Development Services Division
Special Districts

David Sykes
Director of Public Works



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INTRODUCTION

WHEREAS, the City of San José (the “City”) utilizes Community Facilities Districts (the “District”) to finance various public services not currently available in an area and/or that are above and beyond what the City normally provides to the general public.

WHEREAS, Districts are established pursuant to the San José City Charter and Chapter 14.27 of the San José Municipal Code, which incorporates and modifies the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code.

WHEREAS, the City relies on its charter city powers to expand the list of improvements and services that can be funded through a District.

WHEREAS, the Edenvale Area Development Plan allows for the development of a 342 acre mixed residential, commercial, and industrial development in southeast San José called the Hitachi Campus and Santa Teresa Transit Village.

WHEREAS, a public street network and park improvements were completed and opened for public use to support the future construction of the residential, commercial, and industrial components of this village and campus development. These improvements include the construction of many public right-of-way enhancements above and beyond City standard public facilities including certain public landscape improvements, Type 2-median landscaping, dual purpose storm basins and three public parks (RAMAC Park, Raleigh Linear Park, and Charlotte Commons) that include many features other San José neighborhood parks do not offer.

WHEREAS, Tract No. 9952 consists of several large undeveloped parcels that are contemplated to come forward for future subdivision.

WHEREAS, a condition of the development provides for the formation of a Special District to fund the operation and maintenance of various landscape based enhancements in the public right of way, storm water detention basins and three parks.

WHEREAS, on August 2, 2011, this Council adopted a resolution entitled “A Resolution of the Council of the City of San José of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes – Community Facilities District No. 14 (Raleigh/Charlotte)” (the “Resolution of Intention”).

WHEREAS, in the Resolution of Intention, the Council expressly ordered the preparation of a written Community Facilities District Report (the “Report”), for the proposed District.

WHEREAS, the Resolution of Intention ordering the Report did direct that the Report generally contain the following:

1. A description of the Services by type, which will be required to adequately meet the needs of the District; and
2. An estimate of the fair and reasonable cost of the Services, including incidental expenses connected with said Services.

WHEREAS, the Resolution of Intention set a public hearing on September 20, 2011 on the establishment of the District.

WHEREAS, the ballot measure for consideration is “Shall the City of San José be authorized to levy annually, a special tax upon lands within Community Facilities District No. 14 (Raleigh-Charlotte) , commencing in the City of San José s fiscal year 2011-2012, at the rates and method and for the authorized services, costs and expenses as described in the Community Facilities District Report; and shall the District’s annual appropriations limit be established at \$476,365.33, with annual increases not to exceed the percentage change in the Consumer Price Index as defined in City’s Resolution 75936?”.

COMMUNITY FACILITIES DISTRICT NO. 14

The boundaries of Community Facilities District No. 14 (Raleigh-Charlotte) (the “CFD”) are shown on a boundary map that was approved by the City Council and recorded in the Books of Maps of Assessment and Community Facilities Districts in the Santa Clara County Recorder’s Office. The area bounded by the CFD is a mixed use planned development community that can potentially develop up to 2930 high density residential units, 460,000 square feet of Commercial and 3.7 million square feet of industrial.

This planned development community is located on an approximately 342 acre flat site in the Edenvale Area of San José. The development includes enhanced landscaping in the public right-of-way and two detention basins that also serve as recreational space in two of three parks all of which require maintenance beyond what is generally provided for the rest of the City. The formation of the CFD is necessary to fund the high level of maintenance and operation costs associated with the improvements.

The CFD is uniquely structured identifying 10 separate developable parcels referred to as Improvement Areas. Each Improvement Area has an assigned special tax based upon its own Rate and Method of Apportionment. As development plans and permits for each of these improvement areas are reviewed, the existing Rate and Method of Apportionment will need to be modified to assure that the special tax is apportioned to the new parcels or uses being proposed as part of the new development permit.

The City Council will hold a public hearing and conduct an election associated with the formation of the CFD. If at least two-thirds of the votes submitted by the landowners are in favor of the CFD, the CFD will be formed and the levy of the special tax will be

authorized to provide for the maintenance and operation of the improvements. The special tax will continue for future years.

DESCRIPTION OF PROPOSED SERVICES

The CFD will be responsible for the maintenance and operation of numerous public improvements currently approved and constructed with the development. The services provided will include the necessary servicing, repairs, replacements, equipment, supplies, water, fuel, power, electric current, care supervision and any and all other items necessary for the safe and proper maintenance and operation thereof. A general description of the proposed services are shown in Exhibit "A" attached hereto and hereby made a part hereof.

COST ESTIMATE

The estimated costs of the services within this report, to be provided by the district, are reflected in year 2011 dollars. Regardless of the actual maintenance costs in future years, the special taxes levied within the CFD will never exceed the maximum rates identified in the Rate and Method of Apportionment of Special Taxes unless approved by the qualified electors within the district during that time. The estimated cost of services for the CFD is \$476,365 and is further set forth in Exhibit "B" attached hereto and hereby made a part hereof.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

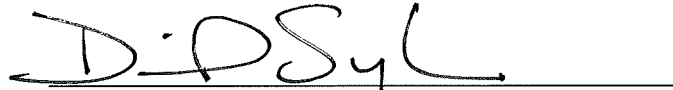
A special tax will be levied annually to pay for the services provided through the district, and will be secured by a continuing lien against all nonexempt real property in the district. The rate and method of apportionment of special taxes for the CFD is set forth in Exhibits "C-1" through "C-10" attached hereto and hereby made a part hereof.

PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT

The proposed boundaries of the CFD are those properties and parcels in which special taxes may be levied to pay for the costs and expenses of the Services. The proposed boundaries of the CFD are generally described as Monterey Highway on the north, Little Avenue on the east, State Route 85 on the south, and Cottle Road on the west, as shown on the map of the CFD set forth in Exhibit "D" attached hereto and hereby made a part hereof. The original boundary map is on file with the Santa Clara County Recorder's Office.

NOW, THEREFORE, I, the Director of Public Works do hereby submit the report to be filed with the City Clerk to fulfill the state requirements of forming a District and to provide guidance on the operation of the district.

Dated as of 9/19/11

A handwritten signature in black ink, appearing to read "D. Sykes", written over a horizontal line.

David Sykes, Director of Public Works
City of San José

Exhibit A

DESCRIPTION OF PROPOSED SERVICES

The services proposed to be financed by Community Facilities District No. 14 (Raleigh/Charlotte) (the “CFD No. 14”) of the City of San José will provide for the maintenance of various improvements associated and approved with the mixed use development project. Maintenance of the improvements may include but will not be limited to necessary repairs, replacements, equipment, supplies, water, fuel, power, electricity, supervision and all other items needed for safe and proper maintenance of the items set forth below. This list identifies those improvements that are authorized for maintenance by the CFD No. 14; however, not all items on this list are guaranteed to be funded by the district.

Items Authorized to be Maintained

- Three public parks; a roughly ten acre site located at the northeast corner of Charlotte Drive and Lexington Avenue, a roughly five acre linear site on the easterly side of Raleigh Road, and an approximate one acre site at the southern bend in Charlotte Road.
- Storm water detention basins within two of the parks including associated pipelines and structures
- Median island landscaping on Raleigh Road at the intersection of Charlotte
- Median Island landscaping along Great Oaks Parkway between Charlotte and the border of the campus industrial parcel and the City of San Jose Police substation
- Street trees along the easterly side of Cottle Road between SR 85 and Great Oaks Parkway
- Frontage and parkstrip landscaping within ROW along Charlotte, Coronado, Raleigh from park to Cottle, Lexington excluding south side of Lexington Avenue and Great Oaks excluding easterly side along railroad across from campus industrial parcel.
- Tree trimming, trash removal and weed control on the parcel designated as Lot H at the intersection of Endicott and Great Oaks Parkway

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Exhibit B**COST ESTIMATE**

The following table summarizes the estimated annual cost that will be financed by the parcels within the boundaries of the district. These costs are 2011 dollars and may be increased in future years.

	CFD Allocation for Parks Services	CFD Allocation for DOT Services	Total Annual Maintenance Cost
Landscape & Electricity	\$103,968.52	\$31,395.00	\$135,363.52
Water	\$78,233.76	\$33,000.00	\$111,233.76
Trees	\$32,000.00	\$14,010.00	\$46,010.00
Pavers	\$794.70	\$2,419.88	\$3,214.58
Dual Use Detention System		\$12,000.00	\$12,000.00
Softball Infield	\$4,375.98		\$4,375.98
Building	\$15,777.00		\$15,777.00
Debris and Litter Control	\$10,308.06		\$10,308.06
City Administration	\$32,400.00	\$23,000.00	\$55,400.00
City Overhead	\$12,330.00	\$8,100.00	\$20,430.00
Renovations and Reserve	\$45,776.19	\$16,476.24	\$62,252.43
Total Annual Maintenance Cost	\$335,964.21	\$140,401.12	\$476,365.33

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Exhibit C-1**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 1**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 1 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 1), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 1): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 1), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 1) 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. 14 (IA No. 1) for any other administrative purposes of

CFD No. 14 (IA No. 1), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 1), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 1)" means Improvement Area No. 1 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 1).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 1) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 1) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 1).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 1).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 1) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 1) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 1), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 1) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 1) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 1) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 1) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 1 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-006	\$79,268.95

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 1), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 1) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 1) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 1) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-2**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 2**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 2 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 2)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 2), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 2): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 2), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 2) 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. 14 (IA No. 2) for any other administrative purposes of

CFD No. 14 (IA No. 2), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 2), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 2)" means Improvement Area No. 2 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 2).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“**Land Use Class**” means any of the classes listed or described in Sections B and C below.

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

“**Property Owner Association Property**” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 2) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“**Proportionately**” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“**Public Property**” means property within the boundaries of CFD No. 14 (IA No. 2) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“**Rate and Method of Apportionment**” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 2).

“**Residential Property**” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“**Resolution of Formation**” means the Council resolution establishing CFD No. 14 (IA No. 2).

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 2) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 2) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 2), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 2) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 2) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 2) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 2) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 2 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-009	\$8,510.31

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 2), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 2) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 2) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 2) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-3**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 3**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 3 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 3)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 3), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 3): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 3), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 3) 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. 14 (IA No. 3) for any other administrative purposes of

CFD No. 14 (IA No. 3), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 3), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 3)" means Improvement Area No. 3 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 3).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“**Land Use Class**” means any of the classes listed or described in Sections B and C below.

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

“**Property Owner Association Property**” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 3) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“**Proportionately**” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“**Public Property**” means property within the boundaries of CFD No. 14 (IA No. 3) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“**Rate and Method of Apportionment**” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 3).

“**Residential Property**” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“**Resolution of Formation**” means the Council resolution establishing CFD No. 14 (IA No. 3).

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 3) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 3) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 3), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 3) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 3) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 3) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 3) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 3 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-010	\$7,279.48

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 3), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 3) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 3) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 3) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-4**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 4**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 4 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 4)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 4), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 4): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 4), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 4) 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. 14 (IA No. 4) for any other administrative purposes of

CFD No. 14 (IA No. 4), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 4), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 4)" means Improvement Area No. 4 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 4).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“**Land Use Class**” means any of the classes listed or described in Sections B and C below.

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

“**Property Owner Association Property**” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 4) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“**Proportionately**” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“**Public Property**” means property within the boundaries of CFD No. 14 (IA No. 4) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“**Rate and Method of Apportionment**” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 4).

“**Residential Property**” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“**Resolution of Formation**” means the Council resolution establishing CFD No. 14 (IA No. 4).

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 4) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 4) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 4), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 4) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 4) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 4) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 4) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 4 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-011	\$10,983.69

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 4), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 4) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 4) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 4) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-5**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 5**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 5 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 5)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 5), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 5): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 5), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 5) 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. 14 (IA No. 5) for any other administrative purposes of

CFD No. 14 (IA No. 5), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 5), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 5)" means Improvement Area No. 5 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 5).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 5) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 5) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 5).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 5).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 5) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 5) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 5), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 5) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 5) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 5) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 5) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 5 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-012	\$9,260.53

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 5), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 5) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 5) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 5) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-6RATE AND METHOD OF APPORTIONMENT

IMPROVEMENT AREA No. 6

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 6 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 6)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 6), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 6): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 6), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 6) 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. 14 (IA No. 6) for any other administrative purposes of

CFD No. 14 (IA No. 6), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 6), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 6)" means Improvement Area No. 6 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 6).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 6) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 6) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 6).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 6).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 6) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 6) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 6), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 6) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 6) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 6) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 6) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 6 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-013	\$63,852.26

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 6), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 6) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 6) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 6) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-7**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 7**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 7 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 7)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 7), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 7): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 7), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 7) 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. 14 (IA No. 7) for any other administrative purposes of

CFD No. 14 (IA No. 7), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

“Assessor’s Parcel” or “Parcel” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

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

“Authorized Maintenance Services” means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 7), as defined in the Resolution of Formation.

“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 No. 14” means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

“CFD No. 14 (IA No. 7)” means Improvement Area No. 7 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

“City” means the City of San Jose.

“Consumer Price Index” or “CPI” means, for each Fiscal Year, that year’s annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

“Council” means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 7).

“County” means the County of Santa Clara.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor’s Parcel, or portion thereof, shall not be considered to constitute “Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 7) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 7) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 7).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 7).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 7) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 7) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 7), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 7) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 7) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 7) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 7) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 7 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-014	\$49,262.52

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 7), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 7) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 7) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 7) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-8**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 8**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 8 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 8)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 8), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 8): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 8), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 8) 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. 14 (IA No. 8) for any other administrative purposes of

CFD No. 14 (IA No. 8), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 8), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 8)" means Improvement Area No. 8 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 8).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“**Land Use Class**” means any of the classes listed or described in Sections B and C below.

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

“**Property Owner Association Property**” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 8) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“**Proportionately**” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“**Public Property**” means property within the boundaries of CFD No. 14 (IA No. 8) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“**Rate and Method of Apportionment**” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 8).

“**Residential Property**” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“**Resolution of Formation**” means the Council resolution establishing CFD No. 14 (IA No. 8).

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 8) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 8) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 8), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 8) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 8) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 8) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 8) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 8 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-015	\$121,620.54

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 8), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 8) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 8) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 8) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-9**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 9**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 9 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 9)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 9), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 9): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 9), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 9) 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. 14 (IA No. 9) for any other administrative purposes of

CFD No. 14 (IA No. 9), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Authorized Maintenance Services" means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 9), as defined in the Resolution of Formation.

"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 No. 14" means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

"CFD No. 14 (IA No. 9)" means Improvement Area No. 9 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

"City" means the City of San Jose.

"Consumer Price Index" or "CPI" means, for each Fiscal Year, that year's annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 9).

"County" means the County of Santa Clara.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor's Parcel, or portion thereof, shall not be considered to constitute "Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 9) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 9) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 9).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 9).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 9) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 9) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 9), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 9) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 9) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 9) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 9) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 9 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-017	\$105,140.63

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 9), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 9) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 9) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 9) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if

necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit C-10**RATE AND METHOD OF APPORTIONMENT****IMPROVEMENT AREA No. 10**

A Special Tax, hereinafter defined, shall be levied on all Assessor's Parcels of Taxable Property in Improvement Area No. 10 of Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte) ("CFD No. 14 (IA No. 10)") and collected each Fiscal Year commencing in Fiscal Year 2011-2012 in an amount determined by the City Council of the City of San Jose, through the application of this Rate and Method of Apportionment as described below. All of the real property in CFD No. 14 (IA No. 10), 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 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, parcel map, condominium plan, or other map or plan recorded with the County. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 commencing at Section 53311 of the California Government Code, as incorporated into and modified by Chapter 14.27 of Title 14 of the Municipal Code of the City.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 14 (IA No. 10): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 14 (IA No. 10), or any designee thereof related to the reduction of the Maximum Special Tax in accordance with Section C herein; the costs of the City, CFD No. 14 (IA No. 10) 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. 14 (IA No. 10) for any other administrative purposes of CFD No. 14 (IA No. 10), including attorney's fees and other costs

related to commencing and pursuing to completion any foreclosure as a result of delinquent Special Taxes.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

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

“Authorized Maintenance Services” means, for each Fiscal Year, the street maintenance (including maintenance of trees, lighting, and landscaping), park maintenance, sports field maintenance, open space maintenance, storm drainage maintenance, and other maintenance services eligible to be funded by CFD No. 14 (IA No. 10), as defined in the Resolution of Formation.

“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 No. 14” means Community Facilities District No. 14 of the City of San Jose (Raleigh-Charlotte).

“CFD No. 14 (IA No. 10)” means Improvement Area No. 10 of CFD No. 14 as identified on the boundary map for CFD No. 14, and further set forth in the Resolution of Formation.

“City” means the City of San Jose.

“Consumer Price Index” or **“CPI”** means, for each Fiscal Year, that year’s annual average consumer price index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco-Oakland-San Jose Area. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Area.

“Council” means the City Council of the City, acting as the legislative body of CFD No. 14 (IA No. 10).

“County” means the County of Santa Clara.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Public Property and Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2011 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied. Notwithstanding the foregoing, an Assessor’s Parcel, or portion thereof, shall not be considered to constitute “Developed

Property” merely by reason of the placement thereon of one or more temporary, portable structures which are used as part of a residential sales operation.

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

“Land Use Class” means any of the classes listed or described in Sections B and C below.

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

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 14 (IA No. 10) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” may similarly be applied to other categories of Taxable Property. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by the delinquency and the other costs resulting from the delinquency.

“Public Property” means property within the boundaries of CFD No. 14 (IA No. 10) owned by, irrevocably offered or dedicated to, or over, through or under which an easement for purposes of public right-of-way has been granted, to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 14 (IA No. 10).

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Resolution of Formation” means the Council resolution establishing CFD No. 14 (IA No. 10).

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD No. 14 (IA No. 10) to fund the Special Tax Requirement, but in no event greater than the Maximum Special Tax.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 14 (IA No. 10) to: (i) pay for Authorized Maintenance Services, (ii) create a sinking fund for replacement of facilities that will be maintained by Authorized Maintenance Services, (iii) pay Administrative Expenses of CFD No. 14 (IA No. 10), (iv) cure delinquencies in the payment of Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected.

“State” means the State of California.

“Subdivision” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) and Title 19 of the San Jose Municipal Code or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates successor Assessor’s Parcels for the purpose of levying property taxes.

“Taxable Land Area” means the measure of Taxable Property for a Parcel, in Acreage, which shall be determined pursuant to Section C.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 14 (IA No. 10) which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Public Property” means all Public Property located within the boundaries of or annexed into CFD No. 14 (IA No. 10) which is not exempt from the Special Tax pursuant to Section E below.

“Taxable Property Owner Association Property” means all Property Owner Association Property located within the boundaries of or annexed into CFD No. 14 (IA No. 10) which is not exempt from the Special Tax pursuant to Section E below.

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

B. ASSIGNMENT TO LAND USE CLASSES

Each Fiscal Year, commencing with Fiscal Year 2011-2012, all Taxable Property within CFD No. 14 (IA No. 10) shall be classified as Developed Property or Undeveloped Property or Taxable Public Property or Taxable Property Owner Association Property or Public Property or Property Owner Association Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C, D, and E herein.

C. MAXIMUM SPECIAL TAX RATE

The Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner Association Property, prior to Subdivision, is shown below in Table 1. The Maximum Special Tax may be adjusted by the percentage change in the Consumer Price Index in accordance with Subsection (1) herein or reapportioned in accordance with Subsection (2) herein.

TABLE 1

**Maximum Special Tax
Improvement Area No. 10 of CFD No. 14
Fiscal Year 2011-2012**

Assessor's Parcel Number	Maximum Special Tax
706-07-020	\$21,186.41

(1) Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2012, the Maximum Special Tax shall be adjusted based on the percentage change in the Consumer Price Index. Any increase in the Maximum Special Tax is subject to a maximum annual increase of five percent (5%) per Fiscal Year.

(2) Subdivision of Taxable Property

If a Subdivision occurs within the boundaries of CFD No. 14 (IA No. 10), the Taxable Land Area for each Assessor's Parcel resulting from such Subdivision shall be determined by the CFD Administrator on each July 1, commencing on July 1, 2012, from the final map, parcel map, or lot line adjustment which created such Assessor's Parcel(s). The Maximum Special Tax for each successor Parcel shall be equal to the proportionate share of the Maximum Special Tax associated with the subdivided Parcel(s), based on the Taxable Land Area contained within each successor Parcel as a percentage of the total Taxable Land Area of all successor Parcels resulting from such Subdivision. The sum of the Maximum Special Tax amounts for all Assessor's Parcels within CFD No. 14 (IA No. 10) after Subdivision shall be equal to the sum of Maximum Special Tax amounts for all Assessor's Parcels prior to Subdivision for that Fiscal Year, as determined in accordance with Section C above.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2011-2012 and for each following Fiscal Year, the Council or its designee shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

(1) First, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

(2) Second, if additional monies are needed to satisfy the Special Tax Requirement after the first step in Subsection (1) has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax; and

(3) Third, if additional monies are needed to satisfy the Special Tax Requirement after the first two steps in Subsections (1) and (2) have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

(1) Change from Public Property or Property Owner Association Property Classification:

No Special Tax shall be levied on Public Property or Property Owner Association Property in CFD No. 14 (IA No. 10) unless an Assessor's Parcel which is exempt from the Special Tax changes classification from Public Property or Property Owner Association Property, in which case the tax-exempt status will be revoked.

(2) Change to Public Property or Property Owner Association Property Classification:

When an Assessor's Parcel which has previously been classified as Taxable Property is reclassified to Public Property or Property Owner Association Property in its entirety, or any portion thereof as a result of Subdivision, it shall not be granted tax-exempt status and shall be classified as Taxable Public Property or Taxable Property Owner Association Property, respectively.

F. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 14 (IA No. 10) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity to fund the Special Tax Requirement, unless no longer required to pay for Authorized Maintenance Services as determined at the sole discretion of the Council or as may be otherwise terminated pursuant to the Act.

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Exhibit D

