

EXHIBIT B

PROPOSED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(DOWNTOWN STREETCAR)**

A Special Tax shall be levied on all Assessor's Parcels in the City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar) ("CFD No. 9") and collected each Fiscal Year commencing in Fiscal Year 2013-2014, in an amount determined through the application of the Special Tax for Taxable Property as described below. All of the real property in CFD 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:

"Acreage" means the number of acres within a Plot of Land 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 official map.

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

"Administrative Expenses" means, for any Fiscal Year, any actual or reasonably estimated costs directly related to the administration of CFD No. 9 in such Fiscal Year, including (in no particular priority order):

- the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or a designee thereof or both);
- the costs of collecting the Special Taxes (whether by the County or otherwise);
- the costs of remitting the Special Taxes to the Trustee;
- the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Trust Agreement payable by CFD No. 9 under the Trust Agreement;
- the costs of the City or CFD No. 9 of complying with arbitrage rebate requirements;
- the costs of the City or CFD No. 9 of complying with City, CFD No. 9 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act;
- the costs of the City or CFD No. 9 associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes;
- the costs of the City or CFD No. 9 related to an appeal of the Special Tax;
- the costs of the City or CFD No. 9 associated with the release of funds from an escrow account (to the extent not paid from other sources);
- the costs of calculating the prepayment of Special Taxes (to the extent not paid or provided for pursuant to Section H), and recordings related to such prepayment and satisfaction of Special Taxes;

- reasonable attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes; and
- an allocable share of the salaries of the City staff directly related to the foregoing.

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

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

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 9 under the Act.

"Building Floor Area" means, for a Plot of Land that contains more than one Assessor's Parcel, the building square footage of each Assessor's Parcel located on such Plot of Land as indicated in the building square footage data for such Assessor's Parcel as obtained from the Assessor of the County, or as indicated on the building permit therefor, or other official information as determined by the CFD Administrator.

"CAO" means the City Administrative Officer of the City, or his or her designee, or a City official succeeding to the duties of the City Administrative Officer.

"CFD Administrator" means the CAO or designee thereof responsible for the overall administration of CFD No. 9.

"CFD No. 9" means City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar).

"City" means the City of Los Angeles, and any successor thereto.

"Commencement Year" means the first Fiscal Year after all of the conditions described in Section B below have been met.

"Condominium" means an Assessor's Parcel of property that meets the statutory definition of a condominium contained in California Civil Code Section 1351.

"Council" means the Council of the City, acting as the legislative body of CFD No. 9.

"County" means the County of Los Angeles, and any successor thereto.

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

"Initial Public Property" means any property within the boundaries of CFD No. 9 that, at the time of formation of CFD No. 9, was owned by a public agency including the federal government, the State, the County, the City, or any other local government and that has not

subsequently transferred to an entity that is not a public agency after formation of CFD No. 9.

"Maximum Special Tax" means, with respect to an Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied in a particular Fiscal Year on such Assessor's Parcel.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Trust Agreement.

"Parcel Square Footage" means the Acreage of a Plot of Land multiplied by 43,560.

"Plot of Land" means with respect to an Assessor's Parcel, the entire physical land area described on the first sheet of the applicable book and page of the Assessor's Parcel Map on which such Assessor's Parcel is identified.

"Proportionately" means, for Taxable Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property.

"Special Tax" means the special tax for CFD No. 9 that was approved by the voters and that is levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with this Rate and Method of Apportionment

"Special Tax Requirement" means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts established under the Trust Agreement, to: (i) pay debt service on all Outstanding Bonds due in the calendar year beginning in said Fiscal Year; (ii) pay periodic costs on the Bonds including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay directly for the design, acquisition or construction of facilities authorized to be financed by CFD No. 9; (v) pay any amounts required to establish or replenish any reserve funds for Outstanding Bonds; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within the boundaries of CFD No. 9 which are not exempt from the Special Tax pursuant to law or Section E below.

"Trust Agreement" means the trust agreement, indenture, fiscal agent agreement, or similar document, regardless of title, pursuant to which Bonds are issued and which establishes the terms and conditions for the payment of such Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

"Trustee" means the trustee, fiscal agent, or paying agent under the Trust Agreement.

"Vertical Lot" means an Assessor's Parcel that represents property created by the division of space above, at, or below ground level including, but not limited to, Condominium units or other airspace lots indicated on the Assessor's Parcel Map.

"Zone" means Zone 1, Zone 2, or Zone 3, as applicable.

"Zone 1" means all Assessor's Parcels located within the boundary of Zone 1 as identified in Exhibit A to this Rate and Method of Apportionment.

"Zone 2" means all Assessor's Parcels located within the boundary of Zone 2 as identified in Exhibit A to this Rate and Method of Apportionment.

"Zone 3" means all Assessor's Parcels located within the boundary of Zone 3 as identified in Exhibit A to this Rate and Method of Apportionment.

B. CONDITIONS TO LEVY SPECIAL TAX

The following definitions apply to this Section B:

"Downtown Los Angeles Streetcar Project" means an approximately four mile fixed guideway urban streetcar system running in the public right-of-way within CFD No. 9.

The Special Tax shall not be levied until the first Fiscal Year after all of the conditions set forth below have been met:

1. Certification of State Environmental Documentation (CEQA)

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the legislative body responsible for overseeing the California Environmental Quality Act ("CEQA", California Public Resources Code §§ 21000 et seq.) review process for the Downtown Los Angeles Streetcar Project has certified or otherwise approved any necessary environmental review for the Downtown Los Angeles Streetcar Project, and that the legal challenge period associated with such CEQA process has expired.

2. Acceptance by the Federal Transit Administration into Project Development

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that the Federal Transit Administration has accepted the Downtown Los Angeles Streetcar Project into Project Development (as defined by 49 USC §5309).

3. Commitment to Operate the Downtown Los Angeles Streetcar Project System by a Public or Private Operator

The CFD Administrator shall have been provided with an opinion of counsel reasonably satisfactory to the CFD Administrator to the effect that there has been submitted to the Federal Transit Administration a Local Financial Commitment (as defined by 49 USC §5309) for the Downtown Los Angeles Streetcar Project that meets the Federal Small Starts funding program requirements (pursuant to 49 USC §5309), including the requirement thereof that such Local Financial Commitment include a commitment to operate the Downtown Los Angeles Streetcar Project system by a public or private operator, such as, but not limited to, the City or the Los Angeles County Metropolitan Transportation Authority for a minimum period of 30 years.

C. MAXIMUM SPECIAL TAX RATE

Each Fiscal Year, beginning with the Commencement Year, all property within CFD No. 9 shall be classified as either (i) Taxable Property, which shall be subject to the Special Tax in accordance with the rate and method of apportionment determined pursuant to Sections C and D below or (ii) Initial Public Property, which shall be exempt from the Special Tax pursuant to law and Section E below.

The Maximum Special Tax for each Assessor’s Parcel of Taxable Property shall be based on the Parcel Square Footage of such Assessor’s Parcel. For purposes of determining the Parcel Square Footage for Assessor’s Parcels for Vertical Lots located on a single Plot of Land, the CFD Administrator shall allocate the Parcel Square Footage for such Plot of Land to each Assessor’s Parcel located on such Plot of Land in proportion to the Building Floor Area for each Vertical Lot as determined by the CFD Administrator.

The Maximum Special Tax for each Zone is shown below in Table 1.

TABLE 1
Maximum Special Tax

Zone	Maximum Special Tax
1	\$0.59670 per Parcel Square Foot
2	\$0.41769 per Parcel Square Foot
3	\$0.20885 per Parcel Square Foot

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

In the Commencement Year and each following Fiscal Year, the Council shall levy the Special Tax Proportionately on each Assessor's Parcel of Taxable Property at up to 100% of the applicable Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel of residential property for which a certificate of occupancy has been issued for private residential use be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 9. To the extent that the levy of the Special Tax on residential property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's shall continue in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on Initial Public Property.

Notwithstanding the foregoing, if in any Fiscal Year an Assessor's Parcel of Initial Public Property was leased to a private entity as of January 1 of the previous Fiscal Year and subject to taxation under Section 53340.1 of the Act, such Assessor's Parcel shall be considered Taxable Property and shall be subject to the levy of the Special Tax for such Fiscal Year.

Initial Public Property that is transferred to a private entity after formation of CFD No. 9 shall be reclassified as Taxable Property and shall be subject to the levy of the Special Tax.

F. REVIEW/APPEAL COMMITTEE

Any landowner, lessee or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall make a recommendation to the Council to eliminate or reduce the Special Tax on the appellant's property and/or to provide a refund to appellant. The approval of the Council or its designee must be obtained prior to any such elimination or reduction. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that appellant is current in his/her payments of Special

Taxes. The second appeal must specify the reasons why the appellant disagrees with the CFD Administrator's determination. The City Clerk shall schedule the appeal to be heard before the appropriate Council committee and/or the Council.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD 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.

H. PREPAYMENT OF SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel of Taxable Property within CFD No. 9 is permitted to prepay the Special Tax in full or in part. The following definitions apply to this Section H:

"CFD Public Facilities" means either \$62.5 million in 2012 dollars, which shall increase by the Construction Inflation Index on July 1, 2013, and on each July 1 thereafter, or such lower number as determined by Council.

"Construction Fund" means a fund or account specifically identified in the Trust Agreement to hold funds which are currently available for expenditure to acquire or construct public facilities authorized to be financed by CFD No. 9.

"Construction Inflation Index" means, for any Fiscal Year, the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) amounts previously paid from the Construction Fund to acquire or construct public facilities authorized to be financed by CFD No. 9; (ii) moneys currently on deposit in the Construction Fund; and (iii) moneys currently on deposit in an escrow fund, if any, that are expected to be available to acquire or construct public facilities authorized to be financed by CFD No. 9.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Trust Agreement after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 9 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax obligation applicable to an Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel or any other Assessor's Parcel owned by such owner at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 60 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Trust Agreement.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Step No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Special Tax for the current Fiscal Year for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax computed pursuant to step 2 by the total Maximum Special Tax for the current Fiscal Year for all Assessor's Parcels of Taxable Property within CFD No. 9, adjusted to reflect the reduction in Maximum Special Tax revenues from any Assessor's Parcels which have prepaid their Special Tax obligation in full or in part.

4. Multiply the quotient computed pursuant to step 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be redeemed (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to step 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to step 3 by the amount determined pursuant to step 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on such Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to steps 8 and 9 and subtract the amount computed pursuant to step 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 9, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Trust Agreement), if any, resulting from the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Trust Agreement) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to steps 4, 5, 7, 11 and 12, less the amount computed pursuant to step 13 (the "Prepayment Amount").

15. The Prepayment Amount (less the amount computed pursuant to step 12) shall be deposited into the appropriate fund and applied as set forth in the Trust Agreement. The amount computed pursuant to step 12 shall be retained by CFD No. 9.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under step 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

2. Prepayment in Part

The Special Tax obligation applicable to an Assessor's Parcel may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section H.1

An owner of an Assessor's Parcel intending to prepay the Special Tax obligation in part shall provide the CFD Administrator with written notice of intent to prepay, along with the percentage by which the Special Tax shall be prepaid. Within 60 days of receipt of such written notice, the CFD Administrator shall notify such owner of the partial prepayment amount for such Assessor's Parcel. The CFD Administrator may charge such owner a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to step 15 of Section H.1. and (ii) indicate in the records of CFD No. 9 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no full or partial Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property within CFD No. 9 both prior to and after the proposed prepayment, less expected

Administrative Expenses, is at least 1.1 times the maximum annual debt service on all Outstanding Bonds (excluding any Bonds to be redeemed as a result of such prepayment).

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall it be levied for more than forty years commencing with the Commencement Year.





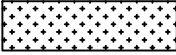
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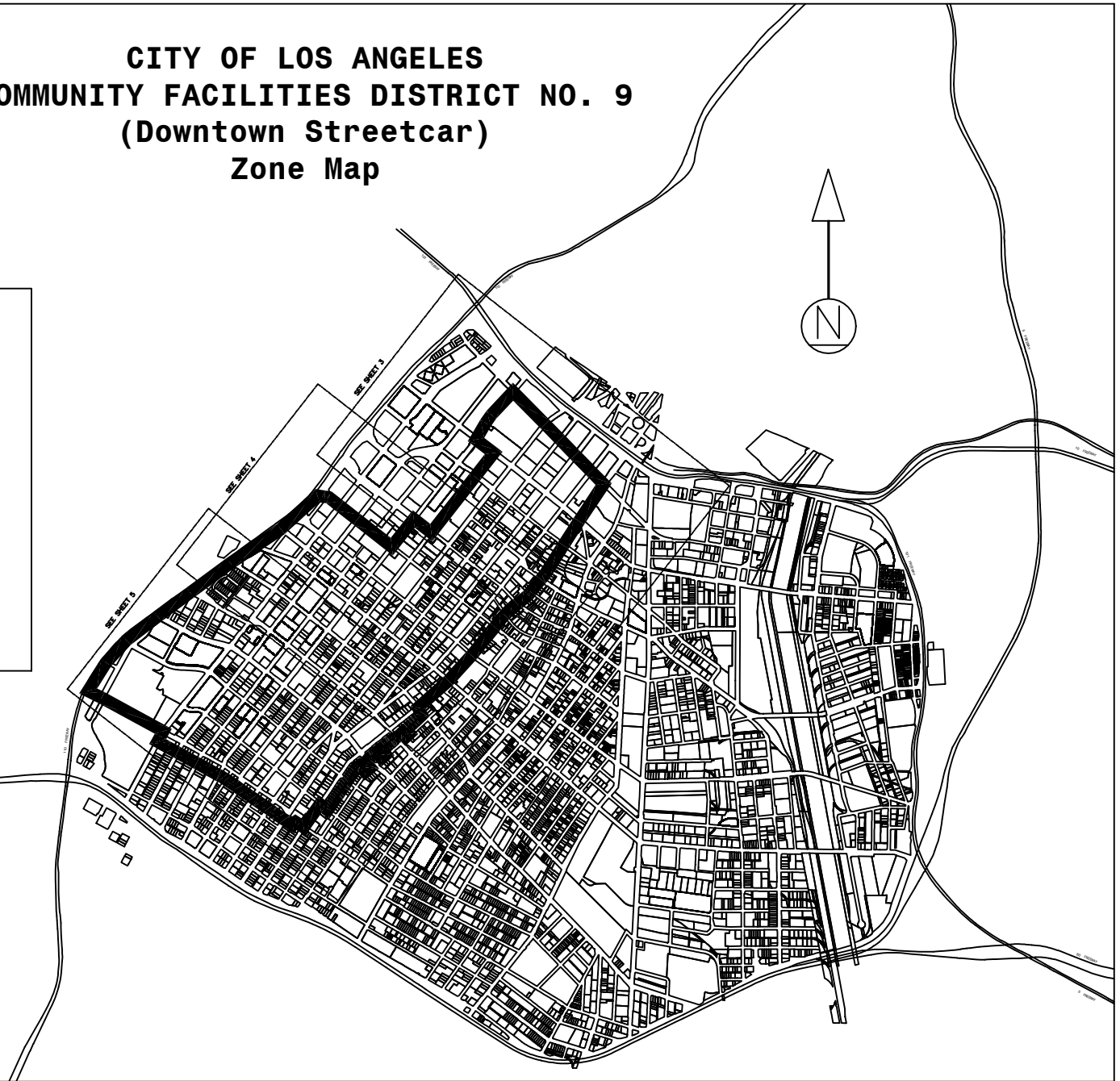
EXHIBIT A

MAP IDENTIFYING PROPERTY IN ZONES 1, 2, AND 3

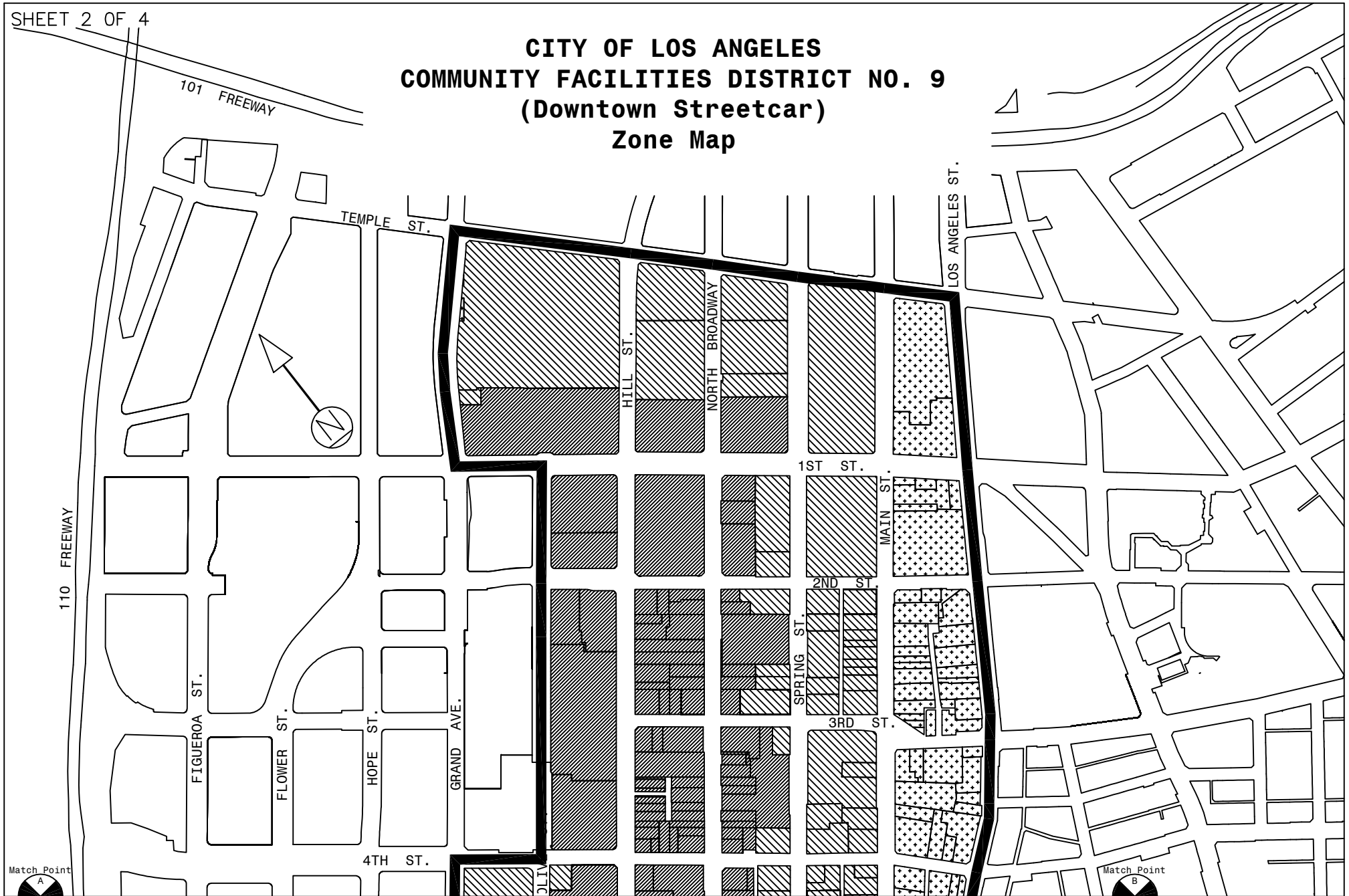
**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 9
(Downtown Streetcar)
Zone Map**

LEGEND

	Boundaries of City of Los Angeles Community Facilities District No. 9 (Downtown Streetcar)
	Parcel Line
	Zone 1 Parcels
	Zone 2 Parcels
	Zone 3 Parcels



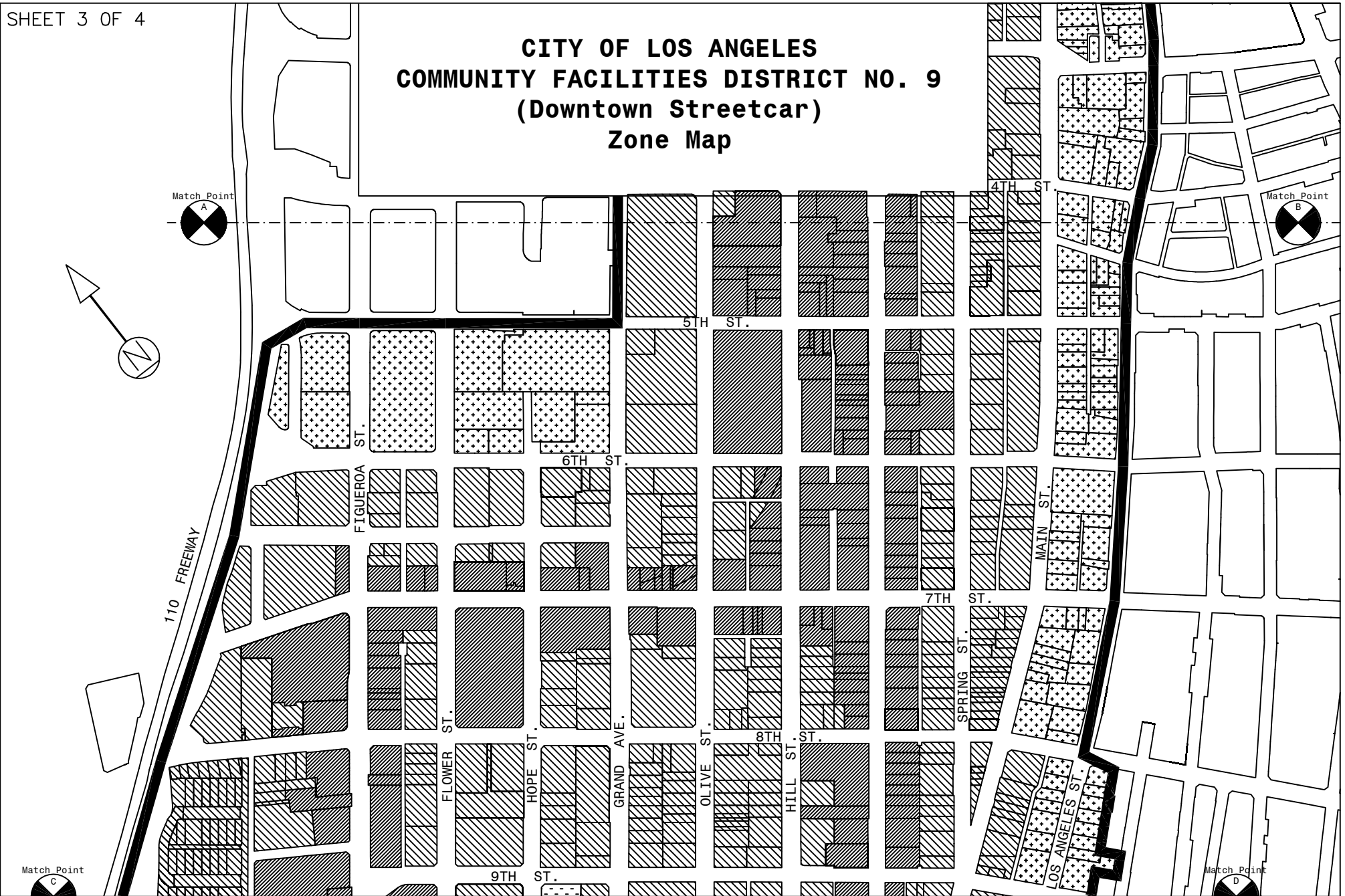
CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



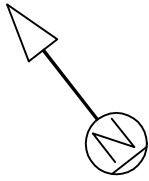
Match Point
A

Match Point
B

CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 9 (Downtown Streetcar) Zone Map



Match Point



Match Point



110 FREEWAY

CHICK HEARN CT.

CHERRY ST.

FIGUEROA ST.

FLOWER ST.

HOPE ST.

GRAND AVE.

OLIVE ST.

HILL ST.

BROADWAY ST.

MAIN ST.

LOS ANGELES ST.

PICO BLVD.

9TH ST.

OLYMPIC BLVD.

12TH ST.

