

RESOLUTION NO. 2015-0070

Adopted by the Sacramento City Council

March 17, 2015

RESOLUTION OF INTENTION TO ESTABLISH THE CREAMERY COMMUNITY FACILITIES DISTRICT NO. 2015-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES AND TO FINANCE CERTAIN GOVERNMENTAL FEES FOR PUBLIC FACILITIES

BACKGROUND

- A. The City Council has duly considered the advisability and necessity of establishing a community facilities district within its jurisdictional boundaries and levying a special tax therein to finance the acquisition and construction of certain public facilities and to finance certain governmental fees for public facilities under the Mello-Roos Community Facilities Act of 1982, set forth at Government Code sections 53311 through 53368.3 (the “**Act**”).
- B. The public facilities to be financed, either directly or through the financing of governmental fees, are necessary to meet increased demands on the City or other governmental agencies as the result of development occurring or expected to occur within the community facilities district.
- C. The City Council has determined that the establishment of the community facilities district is consistent with and follows the local goals and policies concerning the use of the Act that have been adopted by the City Council and are now in effect.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council finds that the statements in the Background are true.
- Section 2. It is the intention of the City Council, and the City Council hereby proposes, to establish a community facilities district under the Act, to be known and designated as the “Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “CFD”).
- Section 3. The boundaries of the territory proposed for inclusion in the CFD are more particularly described and shown on a map titled “Proposed Boundaries of

Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” now on file in the office of the City Clerk (the “**Clerk**”), which map is hereby approved by the City Council. A reduced copy of the map, marked Exhibit A, is attached to this resolution. The City Council finds that the map is in the form and contains the matters prescribed by Streets and Highways Code section 3110 and directs the Clerk to certify the adoption of this resolution on the face of the map. The Clerk is hereby authorized and directed to record a copy of the map with the Sacramento County Clerk/Recorder in accordance with Streets and Highways Code section 3111.

- Section 4. The City Council hereby finds that any property included within the boundary of the CFD that is currently devoted primarily to agricultural, timber, or livestock uses and being used for the commercial production of agricultural, timber, or livestock products will be benefited by the proposed public facilities.
- Section 5. It is the intention of the City Council to finance the acquisition and construction, pursuant to the Act, of the public facilities shown on Exhibit B attached to this resolution (the “**Facilities**”). It is also the intention of the City Council to finance the governmentally imposed development fees shown on Exhibit B attached to this resolution (the “**Fees**”), all of which are used to finance public facilities. All of the Facilities and the public facilities to be financed by the Fees have an estimated useful life of five years or longer. They are public facilities that: (1) the City or other governmental agencies are authorized by law to construct, own, or operate, or to which they may contribute revenue and (2) are necessary to meet increased demands on the City or other governmental agencies as the result of development occurring or expected to occur within the CFD.
- Section 6. The cost of financing the acquisition and construction of the Facilities and financing the Fees includes incidental expenses comprising the costs of planning and designing the Facilities and the public facilities to be financed with the Fees, together with the costs of environmental evaluations thereof; all costs associated with the creation of the CFD, the issuance of bonds and incurrence of other debt (as defined in the Act), the determination of the amount of any special taxes, and the collection or payment of any special taxes; and any costs otherwise incurred in order to carry out the authorized purposes of the CFD, together with any other expenses incidental to the acquisition and construction of the Facilities or the public facilities to be financed with the Fees, or the payment of the Fees. A representative list of incidental expenses proposed to be incurred is set forth on Exhibit C attached to this resolution.
- Section 7. It is the intention of the City Council that, except where funds are otherwise available, a special tax be annually levied within the CFD in amounts sufficient to finance the acquisition and construction of the Facilities and to finance the Fees,

including but not limited to the payment of interest on and principal of or other payments on bonds or other debt (as defined in the Act) to be issued to finance the acquisition and construction of the Facilities and to finance the Fees; the making of lease payments for Facilities (whether in conjunction with the issuance of certificates of participation or not); and the repayment of funds advanced by the City for the CFD, including the repayment under any agreement (which will not constitute a debt or liability of the City) of advances of funds or reimbursement for the lesser of the value or cost of work in-kind provided by any person for the CFD.

- Section 8. Upon recordation of a Notice of Special Tax Lien under Streets and Highways Code section 3114.5, a continuing lien to secure each levy of the special tax will attach to all nonexempt real property in the CFD, and this lien will continue in force and effect until the special-tax obligation is prepaid and permanently satisfied and the lien is cancelled in accordance with law, or until levy of the special tax by the City ceases.
- Section 9. It is the intention of the City Council that the proposed special tax will be collected through the regular County of Sacramento secured property-tax bills, and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular ad valorem property taxes; however, the City Council reserves the right to use any other lawful means of billing, collecting, and enforcing the special tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the special-tax lien.
- Section 10. The rate and method of apportionment of the special tax, including the maximum annual special tax, is set forth on Exhibit D attached to this resolution. Exhibit D provides sufficient detail to allow each landowner or resident within the CFD to estimate the maximum amount that the landowner or resident will have to pay. Exhibit D also specifies the conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied. As required by the Act, (a) the maximum authorized special tax that may be levied against any parcel used for private residential purposes (which use begins no later than the date on which an occupancy permit for private residential use is issued) is specified as a dollar amount which will be calculated and thereby established no later than the date on which the parcel is first subject to the special tax because of its use for private residential purposes and will not increase by more than two percent per year; (b) the special tax will not be levied against such property after fiscal year 2055-56; and (c) under no circumstances will the special tax levied on such property in any fiscal year be increased on the property, as a consequence of delinquency or default by the owner of any other parcel or parcels within the CFD, 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.

- Section 11. It is the intention of the City Council, under Government Code section 53340.1, to levy the special tax on the leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the special tax), to be payable by the owner of the leasehold or possessory interests in such property.
- Section 12. It is the intention of the City Council, under Government Code section 53325.7, to establish the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Fiscal Year 2015/16 for the CFD in the amount of \$5 million.
- Section 13. Notice is given that Thursday, April 23, 2015, at 6:00 p.m., has been fixed by the City Council as the time for a public hearing to be held by the City Council to consider the establishment of the CFD; the proposed rate, method of apportionment, and manner of collection of the special tax; and all other matters as set forth in this resolution. The public hearing will be held in the City Council Chambers in New City Hall, 915 I Street, Sacramento, California. At the public hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, may appear and be heard, and the City Council will hear and consider the testimony of all interested persons and taxpayers for or against the establishment of the CFD; the extent of the CFD; the levy of the special tax; the acquisition, improvement, or construction of any of the Facilities; the financing of the Fees; the establishment of the appropriations limit; and any other matters set forth in this resolution.
- Section 14. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and clearly set forth the irregularities and defects to which objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protester at the public hearing must be filed with the Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
- Section 15. These proceedings will be suspended for at least one year if written protests are submitted by fifty percent or more of the registered voters or six registered voters, whichever is more, residing within the CFD, or by the owners of one-half or more of the land area within the CFD not exempt from the proposed special tax. If protests are directed only against certain elements of the proposed Facilities or Fees or the special tax or the other proposals contained in this resolution, then only those matters need be excluded from the proceedings.

- Section 16. The public hearing may be continued from time to time but must be completed within thirty days. If, however, the City Council finds that the complexity of the CFD or the need for public participation requires additional time, then the public hearing may be continued from time to time for a period not to exceed six months.
- Section 17. The City Council may at the public hearing modify this resolution by eliminating any of the Facilities or Fees, or by changing the method of apportionment of the special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the CFD, or by removing any territory from the CFD, except that if the City Council proposes to modify this resolution in a way that will increase the probable (as distinct from the maximum, which may not be increased) special tax to be paid by the owner of any lot or parcel in the CFD, then the City Council shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of such lots or parcels, and the City Council must receive and consider such report before approving any such modifications or any resolution forming the CFD that includes such modifications.
- Section 18. At the conclusion of the public hearing, the City Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the CFD. If the City Council determines at the conclusion of the public hearing to proceed with the establishment of the CFD, then it expects that the proposed voting procedure will be by landowners voting in accordance with the Act, as the City Council is informed that during the 90 days before to the date set for the hearing, there have been times when there were fewer than 12 registered voters residing within the CFD. The City Council will require this information to be confirmed before ordering the election.
- Section 19. The Manager of the Public Improvement Financing Division of the City Finance Department (the "**Manager**") is hereby directed to study the CFD and, at or before the time of the public hearing, to cause to be prepared and filed with the City Council a report briefly describing by type the facilities that, in his opinion, will be required to adequately meet the needs of the CFD, together with estimates of the cost of financing the acquisition and construction of the Facilities, the cost of financing the Fees, and an estimate of the incidental expenses related thereto. The report, upon its presentation, will be submitted to the City Council for review, will be available for inspection by the public, and will be made a part of the record of the public hearing. The Manager may retain consultants to prepare the report.
- Section 20. In the opinion of the City Council, the public interest will not be served by allowing the property owners in the CFD to enter into a contract under

Government Code section 53329.5, subdivision (a), to do the work to be financed under the Act.

Section 21. The City Council intends to reserve to itself the right and authority to allow bond tenders from any interested landowner within the CFD to be accepted under Government Code sections 53344.1 and 53356.8 in full or part payment of any installment of the special taxes or the interest or penalties thereon.

Section 22. The Clerk shall give notice of the time and place of the public hearing in the following manner:

- (a) by publishing once in the *SACRAMENTO BULLETIN*, a newspaper of general circulation published in the area of the CFD, a Notice of Public Hearing in the form required by the Act (publication to be complete at least seven days before the date set for the public hearing); and
- (b) by mailing, first class postage prepaid, to each owner of land and to each registered voter residing within the CFD (to property owners at their addresses as shown on the last equalized assessment roll, and to registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters, or in either case as otherwise known to the Clerk), a Notice of Public Hearing in the form required by the Act (mailing to be complete at least 15 days before the date set for the public hearing).

Section 23. This resolution takes effect when adopted.

Table of Contents:

Exhibit A – Boundary Map

Exhibit B – List of Authorized Facilities and Fees

Exhibit C – Representative List of Incidental Expenses

Exhibit D – Rate and Method of Apportionment

Adopted by the City of Sacramento City Council on March 17, 2015, by the following vote:

Ayes: Members Ashby, Carr, Harris, Jennings, Schenirer, Warren and Mayor Johnson

Noes: None

Abstain: Member Hansen

Absent: None

Vacant: District 6

Attest:

Shirley Concolino Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2015.03.19 13:00:01 -07'00'

Shirley Concolino, City Clerk

EXHIBIT B

CREAMERY COMMUNITY FACILITIES DISTRICT NO.
2015-02 (IMPROVEMENTS),
CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO,
STATE OF CALIFORNIA

LIST OF AUTHORIZED FACILITIES AND FEES

Authorized facilities that may be funded through Creamery Community Facilities District No. 2015-02 (Improvements) (Backbone Infrastructure) include the following public improvements:

Transportation Improvements

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters, masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed above also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Authorized facilities include the following transportation improvements:

- D Street (between 9th and 10th Streets)
- D Street (between 10th and 11th Streets)
- E Street (between 10th and 11th Streets)
- 10th Street (between D street and driveway)
- 10th Street (between D and E streets)
- 11th Street (between C and D streets)
- 11th Street (between D and E streets)

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development within Creamery CFD No. 2015-02 (Improvements). These facilities include, but may not be limited to pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements, including:

- Offsite Sewer

Development Impact Fees and Other Eligible Fees

Authorized development impact fees and other fees that may be funded include:

- Park Development Impact Fees
- Park Quimby Land Fee
- Water Fee
- Water Meter Fee
- SAFCA fee
- Construction Excise Tax
- Combined Sewer/Storm Drainage Fee
- SRCSD (Regional Sewer)
- County Transportation
- Sacramento Unified School District
- Sacramento Metro Air Quality Management District Fees

EXHIBIT C

CREAMERY COMMUNITY FACILITIES DISTRICT NO.
2015-02 (IMPROVEMENTS),
CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO,
STATE OF CALIFORNIA

REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS

It is anticipated that the following incidental expenses may be incurred in the proposed legal proceedings for formation of the Community Facilities District, construction or acquisition of the authorized public facilities, and related bond financing and will be payable from proceeds of bonds or directly from the proceeds of the Special Tax:

- Special tax consultant services
- City, Participating District staff review, oversight and administrative services
- Bond Counsel and Disclosure Counsel services
- Financial advisor services
- Special tax administrator services
- Appraiser/Market absorption consultant services
- Bond transfer agent, fiscal agent, registrar and paying agent services, and rebate calculation service
- Bond printing and Preliminary Official Statement and Official Statement printing and mailing
- Publishing, mailing, and posting of notices
- Recording fees
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Governmental notification and filing fees
- Credit enhancement costs
- Rating agency fees
- Continuing disclosure services

The expenses of certain recurring services pertaining to the Community Facilities District may be included in each annual special tax levy, and these expenses are described in the definition of the term "Administrative Expenses" as set forth in the Rate and Method of Apportionment of Special Tax attached hereafter as Exhibit D.

The foregoing enumeration shall not be regarded as exclusive and shall be deemed to include any other incidental expenses of a like nature which may be incurred from time to time with respect to the Community Facilities District.

EXHIBIT D

City of Sacramento
Creamery Community Facilities District No. 2015-02 (Improvements)
Sacramento, California

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in the Creamery Community Facilities District No. 2015-02 (Improvements) of the City of Sacramento, California (CFD) shall be levied and collected according to the tax liability determined by the City of Sacramento (City) through the application of the appropriate amount or rate, as described below.

2. Definitions

“Acre” or **“Acreage”** means the land area of a County Assessor’s Parcel as shown on an Assessor’s Parcel Map.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

“Administrative Expenses” means the actual or reasonably estimated costs related to the administration of the CFD, including, but not limited to, these:

- a. Costs of computing Special Taxes and preparing annual Special Taxes collection schedules (whether by the City or any City designee).
- b. Costs of collecting, auditing, and accounting for the Special Taxes (whether by the County, the City, or otherwise), including costs related to collection of delinquent Special Taxes and foreclosure proceedings.
- c. Costs of remitting the Special Taxes to the Trustee.
- d. Costs of any Trustee (including its legal counsel) in the discharge of the duties required of it under any indenture for any Bonds.

- e. Costs to the City or to any City designee of complying with arbitrage rebate requirements.
- f. Costs to the City or to any City designee of complying with ongoing continuing-disclosure requirement with respect to the Bonds for the City or any obligated persons.
- g. Costs associated with preparing disclosure statements for any Bonds.
- h. Costs incurred in responding to public inquiries regarding the Special Tax.
- i. Costs to the City or to any City designee related to any appeal of the Special Tax.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance and sale of Bonds authorized by the CFD that are not recovered through the proceeds of the Bond sale. Such costs may include some of the cost of services provided by City staff.
- l. Costs to the City for any other administrative purposes, including attorney's fees for legal advice and attorney's fees and other costs related to collection of the Special Taxes and commencing and pursuing to completion any foreclosure of delinquent Special Taxes. Such costs include the cost of services provided by City staff.

“Administrator” means the official of the City, or designee thereof, responsible for determining the Special Tax requirement and providing for the levy and collection of the Special Tax.

“Annual Costs” means, for any Fiscal Year, the total of the following after excluding any capitalized interest; any available earnings on, or surplus balances in, the reserve fund for Bonds or the Special Tax fund for the CFD; and any other available revenues of the City that relate to the CFD and may be lawfully used to pay Annual Costs:

- a. Debt Service that is due in the subsequent calendar year (i.e., January 1 to December 31) following the beginning of a Fiscal Year (i.e., July 1).
- b. The amount needed to replenish the reserve fund for Bonds to the level required under any indenture for any Bonds, to the extent not included in a computation of Annual Costs in a previous Fiscal Year.
- c. Administrative Expenses for the Fiscal Year.
- d. To the extent permitted by the Act, the amount needed to fund (i) unpaid Special Tax delinquencies from previous Fiscal Years, to the extent not previously levied, and (ii) anticipated delinquencies for the current Fiscal Year on any Parcel which has no outstanding

delinquent Special Taxes. Collections from prior delinquencies should be used to offset the amount needed for current and future delinquencies if available.

e. Authorized Facilities funded on a Pay-As-You-Go Basis.

“Anticipated Construction Proceeds” means for the purposes of a Full Prepayment, that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds is equal to \$3.5 million at formation of the CFD. Anticipated Construction Proceeds amount is increased by the average increase in the by ENR-CCI for the prior calendar year on July 1 of the current Fiscal Year.

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

“Assessor's Parcel Number” means the Parcel and Parcel Number as assigned by the County Assessor on the equalized tax roll.

“Authorized Facilities” means those facilities and fees to be financed as identified in the resolution forming the CFD.

“Base Year” means the Fiscal Year beginning July 1, 2015, and ending June 30, 2016.

“Benefit Share” means the Maximum Annual Special Tax for a Parcel divided by the Maximum Annual CFD Special Tax Revenue.

“Bond(s)” means any bond(s) issued by the City for the CFD under the Act and any other debt, as defined in the Act, the City incurs to further the CFD’s purposes.

“Bond Share” means the share of Outstanding Bonds assigned to a Parcel as specified in **Section 6** hereof.

“Building Permit” means a permit issued by the City for the construction of a Residential Use or other permitted use on an Other Land Use Parcel.

“CFD” means the Creamery Community Facilities District No. 2015-02 (Improvements) of the City of Sacramento, California.

“City” means the City of Sacramento in the County of Sacramento, California.

“Council” means the City Council of the City acting for the CFD under the Act.

“County” means the County of Sacramento, California.

“County Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in preparing the tax roll.

“Debt Service” means, for any period, the total amount of principal of, interest on, scheduled sinking fund payments for, and other regularly scheduled payments on the Outstanding Bonds for the period.

“Developed Parcel” means, in any Fiscal Year, a Parcel for which a Building Permit for Residential Use or other permitted use on an Other Land Use Parcel has been issued prior to June 1 of the preceding Fiscal Year. Once a Parcel is classified as a Developed Parcel it shall remain a Developed Parcel.

“Dwelling Unit” means a residential unit assigned to a Parcel.

“ENR-CCI” means the Engineering News Record—Construction Cost Index for the San Francisco in the prior calendar year, as determined on July 1 of the current Fiscal Year.

“Final Bond Sale” means the last bond sale or issuance of Bonds after which no more bond sales generating net new CFD bond proceeds shall occur, as determined by the Administrator.

“Final Map Parcel” means a Parcel designated for new development, which is part of a Final Subdivision Map. Once a Parcel is classified as a Final Map Parcel it shall remain a Final Map Parcel.

“Final Subdivision Map” means a recorded map designating the final Parcel Subdivision for individual Parcels.

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

“Full Prepayment” means the complete fulfillment of a Parcel’s Special Tax obligation, as determined by following the procedures in **Section 6**.

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Parcel in the Base Year, as shown in **Attachment 1**, increased by the Tax Escalation Factor following the Base Year.

“Maximum Annual Special Tax Revenue” means the maximum amount of Special Tax that may be levied against a group of Taxable Parcels, such as Developed Parcels.

“Maximum Annual CFD Special Tax Revenue” means the sum of the Maximum Annual Special Tax that may be levied on all Taxable Parcels in the CFD in a Fiscal Year.

“Other Land Use Parcel” means a Developed Parcel with a land use that is not a Residential Use Parcel or a Tax-Exempt Parcel. For example, Parcels rezoned after the formation of the CFD to permit other uses such as retail, office, mixed use, and industrial property would be Other Land Use Parcels.

“Outstanding Bonds” means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

“Parcel” means any County Assessor’s Parcel in the CFD based on the equalized tax rolls of the County as of July of each Fiscal Year.

“Pay-As-You-Go Basis” means the use of annual Special Tax revenues to directly fund administration or to fund the cost of constructing, improving, or acquiring Authorized Facilities, on a first-in first-out basis.

“Prepayment” means the complete or partial fulfillment of a Parcel’s Special Tax obligation, as determined by following the procedures in **Section 6**.

“Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Developed Parcels. For Final Map Parcels, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Final Map Parcels. For Undeveloped Parcels, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Annual Special Tax is equal for all Undeveloped Parcels.

“Public Parcel” means any Parcel that is or is intended to be publicly owned, as designated in any recorded map or Irrevocable Offer to Dedicate (IOD) that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways, landscaping, wetlands, greenbelts, and open space.

“Remainder Parcel” means a Parcel that is created as the result of the recordation of a Final Subdivision Map, which results in a Parcel that has not been mapped for final development approval. Such Remainder Parcel may contain taxable and tax-exempt uses, such as Residential Uses, and Public Parcels, such as park sites.

“Remaining Facilities Costs” means the amount of Anticipated Construction Proceeds less construction proceeds from previous CFD Bond issuances and costs of Authorized Facilities funded on a Pay-As-You-Go Basis from the levy of the Special Tax.

“Remaining Facilities Cost Share” means the Remaining Facilities Costs multiplied by the Benefit Share.

“Reserve Fund” means any debt service reserve fund established pursuant to the Bonds.

“Reserve Fund Requirement” means the amount required to be held in any Reserve Fund.

“Reserve Fund Share” means the amount on deposit in any Reserve Fund, but in any event not to exceed the Reserve Fund Requirement, multiplied by the Benefit Share for a given Parcel.

“Residential Use” means residential use, such as single-family, multi-family, townhome, or condominium residential units.

“Residential Use Parcel” means, in any Fiscal Year, all Parcels in the CFD for which a Final Subdivision Map was recorded identifying Parcels designated for Residential Uses.

“RMA” means the Rate and Method of Apportionment of the Special Tax.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD.

“Subdivision” or **“Subdivided”** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision also may include the merging of two or more Parcels to create new Parcels.

“Tax Category” means the Parcel designations and the Residential Use categories by tentative map lot numbers, as shown in **Attachment 1** and **Map 1**.

“Tax Collection Schedule” means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

“Tax Escalation Factor” means a factor of two-percent in each Fiscal Year following the Base Year by which the Maximum Annual Special Tax for the previous Fiscal Year will be increased.

“Taxable Parcel” means any Parcel that is not a Tax-Exempt Parcel.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include (a) Public Parcels and (b) Parcels owned by the City, school districts, special districts, or the state or federal government. Certain privately owned Parcels also may be exempt from the levy of the Special Tax, including common areas owned by homeowner’s associations or property-owner associations, wetlands, detention basins, water-quality ponds, and open space, as determined by the CFD Administrator. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of **Section 4.f**, unless the Special Tax Obligation is permanently satisfied through a Full Prepayment.

“Total Facility Cost Share” means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

“Trustee” means any fiscal agent or trustee appointed by the City pursuant to any indenture for any Bonds.

“Undeveloped Parcel” means a Taxable Parcel that is not a Developed Parcel or a Final Map Parcel.

3. Duration of the Special Tax

The Special Tax will be levied and collected for as long as it is needed to pay Annual Costs; however, in no event shall the Special Tax be levied on any Parcel in the CFD after Fiscal Year 2055-56.

When all Authorized Facilities and other Annual Costs incurred by the CFD have been paid, the Special Taxes shall cease to be levied subject to the appropriation limit for the CFD. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. In addition, the Notice of Cessation of Special Tax shall identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Administrative Tasks

Tasks required annually of the Administrator are discussed below:

- a. Classification of Parcels. By July 31 of each Fiscal Year, using the Parcel records of the Assessor’s Secured Tax Roll as of June 1 of the preceding Fiscal Year, and other City development approval records, the Administrator shall cause:
 1. Each Parcel to be classified as a Taxable Parcel or Tax-Exempt Parcel.
 2. Each Taxable Parcel to be classified as a Developed Parcel, a Final Map Parcel, or an Undeveloped Parcel.
 3. Each Developed Parcel to be classified as a Residential Use Parcel or Other Land Use Parcel.
- b. Annual Special Tax Escalation. The Administrator shall increase the Maximum Annual Special Tax by the Tax Escalation Factor in each Fiscal Year following the Base Year.
- c. Assignment of the Maximum Annual Special Tax to New Final Map Parcels. The proposed Final Map Parcels are shown in **Map 1**. For a new Final Map Parcel for Residential Uses, the Administrator shall:

1. If a Final Subdivision Map is recorded and the Final Map Parcels match the Final Map Parcels in **Map 1**, perform the following instructions.
 - A. Identify the lot number of the Final Map Parcel on the Final Subdivision Map recorded for such a Parcel or by the County records maintained for the Assessor's Parcel Number for the Parcel.
 - B. Identify the Tax Category in **Attachment 1** that corresponds to the lot number on the Final Subdivision Map recorded for such Parcel or by the County records maintained for the Assessor's Parcel Number for the Parcel.
 - C. Assign the Maximum Annual Special Tax for the appropriate Tax Category to the Final Map Parcel, as shown in **Attachment 1**.
 - D. If the Final Subdivision Parcel creates one or more Remainder Parcel that is a Undeveloped Parcel, multiply the Acreage of each Remainder Parcel times the Maximum Annual Special Tax per Acre for Undeveloped Parcels.
2. If a Final Subdivision Map is recorded and the Final Map Parcels do not match the Final Map Parcels in **Map 1**, perform the following instructions.
 - A. Determine the Maximum Annual Special Tax (as increased by the Tax Escalation Factor) for the Parcel being Subdivided using one of the procedures below.
 - i. If the Parcel being Subdivided contains all Final Map Parcels shown in **Map 1** (there are no Parcels that are partially contained within the boundaries of the Final Subdivision Map) sum the Maximum Annual Special Tax for the lot numbers shown in **Map 1**.
 - ii. If the Parcel being Subdivided does not contain whole Final Map Parcels shown in **Map 1** (some Parcels that are partially contained within the boundaries of the Final Subdivision Map) multiply the gross Acreage of the Final Subdivision map (excluding any Tax-Exempt Parcels) times the Maximum Annual Special Tax per Acre.
 - B. Identify the number of Final Map Parcels in the Final Subdivision Map.
 - C. Divide the Maximum Annual Special Tax identified in **Section 4.c.2.A.i** or **4.c.2.A.ii** by the number of Final Map Parcels identified in **Section 4.c.2.B**.

If the Final Subdivision Parcel also creates one or more Remainder Parcel that is an Undeveloped Parcel, multiply the Acreage of the Remainder Parcel times the Maximum Annual Special Tax per Acre for Undeveloped Parcels.

The calculations in **Section 4.c.2** are intended to ensure that the Maximum Annual CFD Special Tax Revenue is sufficient to maintain 110% coverage on the Bonds' Debt Service plus Administrative Expenses. If the calculations result in a Maximum Annual CFD Special Tax Revenue insufficient to maintain 110% coverage on the Bonds' Debt Service plus Administrative Expenses, a mandatory Prepayment will be required from the Parcels affected by the Final Subdivision Map in an amount sufficient to retire a portion of the Bonds and maintain a 110% coverage on the Bonds' Debt Service plus Administrative Expenses, as determined by the Administrator.

- d. Assignment of the Maximum Annual Special Tax to new Other Land Use Parcels and new Undeveloped Parcels. For a new Other Land Use Parcel or a new Undeveloped Parcel, the Administrator shall:
1. Identify the Acreage for the Other Land Use Parcel or Undeveloped Parcel.
 2. Identify the Maximum Annual Special Tax per Acre for the Tax Category shown in **Attachment 1**.
 3. Multiply the Maximum Annual Special Tax per Acre times the Acreage to determine the Maximum Annual Special Tax for such a Taxable Parcel.
 4. Assign the Maximum Annual Special Tax for the appropriate Tax Category to the Other Land Use Parcel or Undeveloped Parcel, as shown in **Attachment 1**.
- e. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is converted to a taxable use or transferred to a private owner as a Residential Use Parcel or an Other Land Use Parcel, it shall become subject to the Special Tax. The Maximum Annual Special Tax for the newly assigned Tax Category for such a Parcel shall be determined using the provisions of **Section 4.c** or **Section 4.d**.
- f. Taxable Parcels Acquired by a Public Agency or a Not-For-Profit Entity. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Act. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable

Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum CFD Special Tax Revenue and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

5. Calculating Annual Special Tax Levy

The Administrator shall determine the tax levy for each Taxable Parcel using the following process:

- a. Compute the Annual Costs.
- b. Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels.
- c. If the amount from **Step 5.b** is greater than the Annual Costs in **Step 5.a** and the Special Tax levy will occur **BEFORE** the Final Bond Sale and funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, levy the 100 percent of the Maximum Annual Special Tax on all Developed Parcels.
- d. If the amount from **Step 5.b** is greater than the Annual Costs in **Step 5.a** and the Special Tax levy will occur **AFTER** the Final Bond Sale and funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, decrease Proportionately the Maximum Annual Special Tax levy for each Developed Parcel until the Special Tax revenue from the levy of the Maximum Annual Special Tax on all Developed Parcels equals Annual Costs calculated in **Step 5.a**.
- e. If the amount from **Step 5.b** is less than the amount in **Step 5.a**, increase Proportionately the Maximum Annual Special Tax levy for each Final Map Parcel until either the sum of the amount computed in **Section 5.b** for all Developed Parcels plus the levy of the Maximum Annual Special Tax on Final Map Parcels equals Annual Costs, or the Maximum Annual Special Tax levy for each Final Map Parcel is equal to 100 percent of Maximum Annual Special Tax for each Final Map Parcel.
- f. If the amounts from **Steps 5.b** for all Developed Parcels and **5.e** for all Final Map Parcels together are less than Annual Costs in **Step 5.a**, increase Proportionately the Maximum Annual Special Tax levy for each Undeveloped Parcel until either the sum of the amounts computed in **Steps 5.b, 5.e**, plus the levy of Maximum Annual Special Tax on Undeveloped Parcels equals Annual Costs, or the Maximum Annual Special Tax levy for each Undeveloped Parcel is equal to 100 percent of the Maximum Annual Special Tax for each Undeveloped Parcel.

- g. Using the amounts calculated above for each Taxable Parcel, prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 8**, send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will not be sent later than the date required by the Auditor for such inclusion.

6. Prepayment of the Special Tax Obligation

A property owner may permanently or partially satisfy the Maximum Annual Special Tax for a Taxable Parcel by a Prepayment as permitted under Government Code Section 53344. An owner of a County Assessor's Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 45 days of receipt of such written notice, the City or its designee shall notify such owner of the Prepayment amount for such Parcel. Prepayment must be made not less than 75 days before any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

Full Prepayment is permitted only under the following conditions:

- The City determines that the Full Prepayment of the Special Tax does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds and maintain a 110-percent Special Tax coverage of Debt Service plus Administrative Expenses, in all years where there will be Outstanding Bonds.
- The property owner prepaying the Special Tax on a Parcel has paid any delinquent Special Tax and penalties on that Parcel before Full Prepayment.
- Amounts in the Reserve Fund are equal to or greater than the Reserve Fund Requirement

When permitted, the Administrator shall calculate Full Prepayments using the following steps:

- a. The Full Prepayment amount before any issuance of CFD Bonds shall be calculated using following procedures (See **Table 1** for a sample Full Prepayment):
1. Determine the Maximum Annual Special Tax for the Developed Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**.
 2. Divide the amount from **Step 6.a.1** by the Maximum CFD Annual Special Tax Revenue to determine the Benefit Share for the Full Prepayment Parcel.
 3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, times the Benefit Share to determine the Full Prepayment amount.

4. Add to the amount determined in **Step 6.a.3** any costs to the City associated with the preparation of the Full Prepayment calculation.
- b. The Full Prepayment amount after all issuances of CFD Bonds shall be calculated using the following procedures (See **Table 2** for a sample Full Prepayment)
 1. Determine the Maximum Annual Special Tax for the Developed Parcel for which the Special Tax is to be prepaid using the provisions of **Sections 4** and **5**.
 2. Divide the amount from **Step 6.b.1** by the Maximum CFD Annual Special Tax Revenue to determine the Benefit Share for the Parcel.
 3. Multiply the Benefit Share by the total amount of Outstanding Bonds to determine the Bond Share for the Full Prepayment Parcel.
 4. Multiply the Benefit Share by the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, to determine the Remaining Facilities Cost Share for the Full Prepayment Parcel.
 5. Sum the Bond Share and Remaining Facilities Cost Share from **Steps 6.b.3** and **6.b.4**.
 6. Determine the total amount of Bonds to be called by rounding the amount summed in **Step 6.b.5** down to the nearest \$5,000.
 7. Multiply the amount calculated in in **Step 6.b.6** by the call premium for the next available call date.
 8. Determine the Reserve Fund Share for the Full Prepayment Parcel by multiplying the Reserve Fund Requirement times the Benefit Share.
 9. Reduce the amount calculated in **Step 6.b.5** by the amount of the Reserve Fund Share in **Step 6.b.8**, provided the amount in the Reserve Fund equals the Reserve Fund Requirement after reduction.
 10. Determine the Full Prepayment amount by adding to the amount calculated in **Step 6.b.9** any fees, call premiums, and interest to the next Bond call date not covered by Special Taxes already levied and collected for the prepaying Parcel, and expenses incurred by the CFD in connection with the Full Prepayment calculation or the application of the proceeds of the Full Prepayment to the call of Outstanding Bonds.
 11. If the amount calculated in **Step 6.b.10** is greater than the amount calculated in **Step 6.b.6**, reduce the amount calculated in Step 6.b.6 by \$5,000 and repeat **Steps 6.b.7-10**.

12. If the Special Taxes have already been levied, but not collected, the Parcel shall not become a Full Prepayment Parcel until the owner of the Parcel has paid the Special Taxes included on the current property tax bill in addition to the Full Prepayment amount.

c. Partial Prepayments are only allowed for Parcels owned by a property owner prior to the issuance of the initial Building Permit. A partial Prepayment can occur only once per Assessor's Parcel. The City may allow a partial Prepayment if it is determined that the partial Prepayment will not jeopardize its ability to make timely payments of Debt Service and maintain a 110% Special Tax coverage of Debt Service plus Administrative Expenses in all years where there will be Outstanding Bonds. Partial Prepayments can only occur after the Final Bond Sale. Partial Prepayments will be calculated as described below.

The amount of any partial Prepayment must be either of 25-percent or 50-percent of the Full Prepayment amount determined in or 6.b.11. A Partial Prepayment may be made in an amount equal to 25-percent or 50-percent of the Full Prepayment desired by the party making a Partial Prepayment, except that the full amount of administrative fees and expenses determined in **Section 6.b.10** shall be included in the partial Prepayment. The Maximum Annual Special Tax that can be levied on a Parcel after a Partial Prepayment is made is equal to the Maximum Annual Special Tax that could have been levied before the Prepayment, reduced by the percentage of the Full Prepayment that the Partial Prepayment represents, all as determined by or at the direction of the Administrator. For example, if the partial Prepayment is equal to 25-percent, the Maximum Annual Special Tax applied to the Parcel would be 75-percent of the Maximum Annual Special Tax.

7. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

Any taxpayer who feels the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy will be corrected and, if applicable, a credit or refund will be granted.

Interpretations may be made by the City, without resolution or ordinance of the Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this Exhibit that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

8. Records Maintained for the CFD

As development occurs in the CFD, the Administrator will maintain a file containing records of the following information for each Parcel:

- The current County Assessor's Parcel Number
- The designated and existing uses for each parcel
- The total number of Units assigned to each Parcel
- The Maximum Annual Special Tax assigned to each Parcel
- Prepayments

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations and the Administrator may covenant to foreclose and actually foreclose on delinquent Parcels as permitted by the Act.

Attachment 1			
Creamery CFD No. 2015-02 (Improvements)			
Maximum Annual Special Tax (Base Year)			
Tax Category	No. of Parcels	Maximum Annual Special Tax	Maximum Annual Special Tax Revenue
		[1] [2]	[1] [2]
Final Map Parcels		<i>per Parcel</i>	
<u>Tentative Map Lot Numbers</u>			
Lots 1-30, 37-52, 73-77 Lots 88-97, 111-117	68	\$2,200	\$149,600
Lots 31-36, 53-72, 78-87 Lots 98-110	49	\$2,625	\$128,625
Totals	117		\$278,225
		<i>per Acre</i>	
Other Use Parcels		\$37,100	
Undeveloped Parcels		\$37,100	
			<i>"att1"</i>
Sources: Lewis Communities and EPS.			
[1] The Maximum Annual Special Tax per Unit is increased by the Tax Escalation Factor in each Fiscal Year following the Base Year.			
[2] The Maximum Annual Special Tax per Parcel may increase pursuant to the provisions of Section 4.c.2 of the RMA.			

