Meeting Date: **11/5/2013**

Report Type: Public Hearing

Report ID: 2013-00648

City of SACRAMENTO **10**

City Council Report
915 I Street, 1st Floor
www.CityofSacramento.org

Title: Formation of Natomas Crossing Youth Services Community Facilities District No. 2013-01 (Published 10/11/2013) [Continued from 10/22/2013]

Location: District 1

Issue: Pursuant to Mello-Roos Communities Facilities Law of 1982, a public hearing is a required component of the process for establishing the Natomas Crossing Youth Services Community Facilities District No. 2013-01 (District).

Recommendation: Conduct a public hearing and upon conclusion pass a Resolution establishing the Natomas Crossing Youth Services Community Facilities District No. 2013-01 (District), providing for Levy of Special Tax, and calling for a Special Election on November 18, 2013.

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Presenter: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

1-Description/Analysis
2-Background
3-Schedule of Proceedings
4-Resolution
5-Exhibit A to Resolution
6-Exhibit B to Resolution
7-Exhibit C to the Resolution
8-Exhibit D to the Resolution

City Attorney Review

Approved as to Form
Michael W. Voss
10/9/2013 2:46:59 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
10/4/2013 11:27:11 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 10/8/2013 3:49:38 PM

James Sanchez, City Attorney Shirley Concolino, City Clerk Russell Fehr, City Treasurer
John F. Shirey, City Manager

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Description/Analysis

Issue: Under the conditions of approval (Resolution 2009-534) for the Natomas Crossing Development Project, the property owners are required, before recordation of the first final subdivision map, to initiate proceedings to create a community facilities district that will fund youth services programs. Establishing the Natomas Crossing Youth Services Community Facilities District No. 2013-01 (District) will satisfy this requirement by authorizing the City to levy special taxes on non-residential properties to provide funding for recreation and cultural programs and services, for youth, within the North Natomas Community Plan Area.

On September 17, 2013, the City Council passed a Resolution of Intention (ROI) to form the District. The Rate and Method of Apportionment (Exhibit B to the attached Resolution of Formation), approved with the ROI, has been changed to add a requirement that an annual report on the District be provided to the business community within the District. This change allows an opportunity for the businesses within the District to have input on the services provided and the District's expenditures. The change has no impact on the amount of the special tax or method of apportionment approved with the ROI.

The public hearing and conducting a special mailed-ballot election are the next steps in the process required to form the District.

Policy Considerations: The recommended action will create a funding mechanism to provide additional youth programs in Natomas including classes, camps, sports programs, enrichment programs, leadership training, and other programs as shown on Exhibit C to the Resolution.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the CEQA guidelines, formation of a district and continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to the formation process or administration of a special district.

Committee/Commission Action: None

Rationale for Recommendation: The actions in the recommended Resolution are required by the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311-53368.3) for formation of a new district.

Financial Considerations: The property owners will pay all costs associated with the District. The maximum special tax per nonresidential building square foot will be initiated for each building at building permit issuance with a four-year ramp-up period to the maximum tax. A detailed explanation, with tables, of the proposed special tax is provided in the Rate and Method of Apportionment, attached to the Resolution. At build-out of the development, the special tax generated is estimated to be $200,000 per year and will increase annually, as detailed in the Rate and Method of Apportionment.

Emerging Small Business Development (ESBD): None. No goods or services are being purchased.

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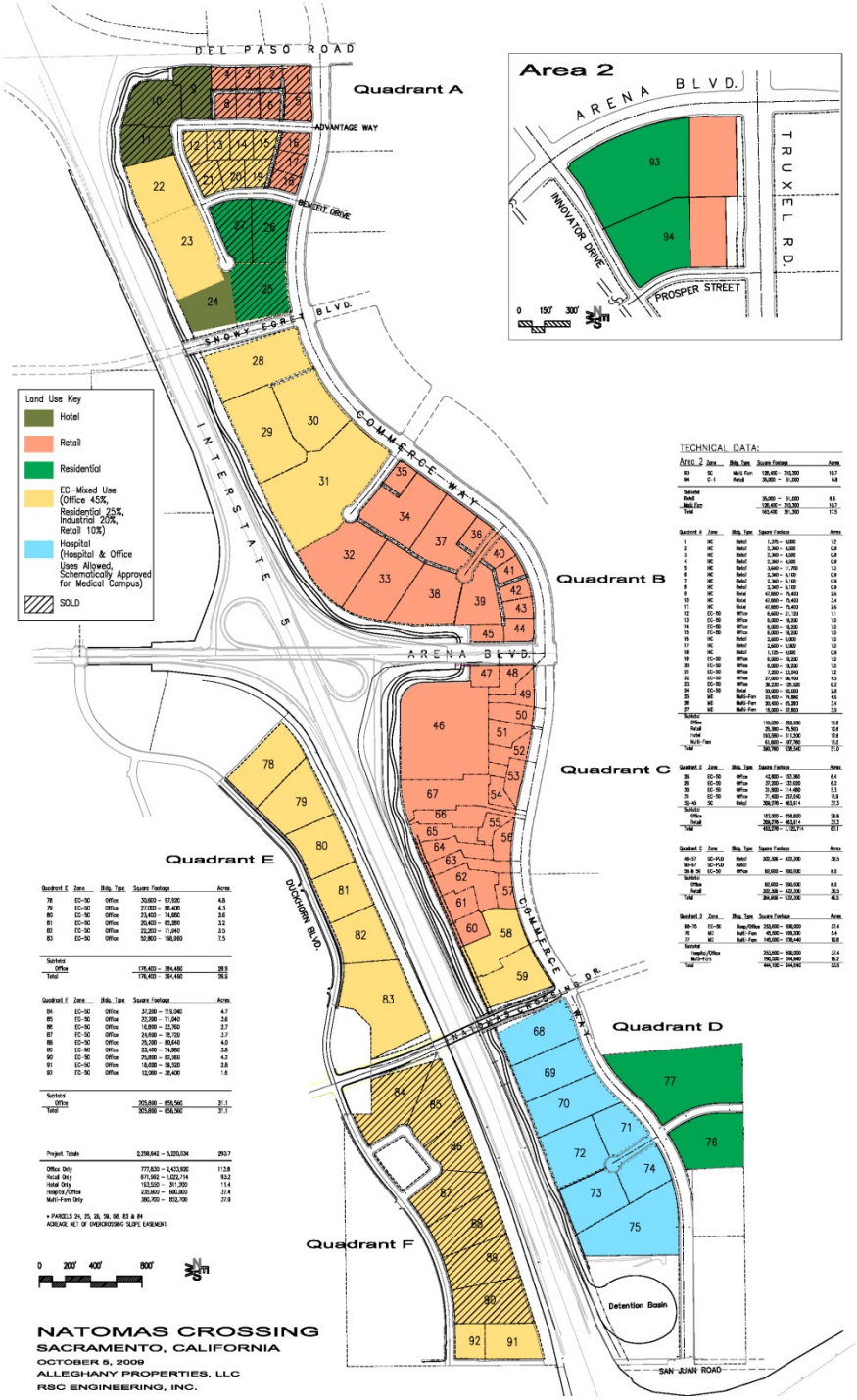
Background

The Natomas Crossing Development Project is approximately 293 acres with a variety of commercial, office, and residential uses as shown on the land use schematic below. The portion of the project to be included in the boundaries of the District is a majority of the section between Interstate 5 and Commerce Way, detailed on Exhibit A to the Resolution, and will largely be dominated with nonresidential development. Development within the District boundaries is intended to primarily consist of regional retail, hotels, hospital, office, and mixed-use buildings.



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SCHEDULE OF PROCEEDINGS

NATOMAS CROSSING YOUTH SERVICES COMMUNITY FACILITIES DISTRICT (CFD) NO. 2013-01

Aug. 9, 2013	City Clerk Certification of registered voters
Aug. 29, 2013	100% Consent waivers due to City
Sept. 17, 2013	City Council ○ Adopt Resolution of Intention
Sept. 18, 2013	Mail Notice of Hearing & Record Boundary Map
Oct. 13, 2013	City Clerk publish notice of Public Hearing
Nov. 5, 2013	**City Council** ○ Conduct Continued Public Hearing ○ Resolution of Formation ○ Resolution Calling Special Election
Nov. 6, 2013	Mail Ballots
Nov. 18, 2013	Ballots Due
Nov. 26, 2013	City Council ○ Adopt Resolution Declaring Results of Special Election ○ Pass for Publication Ordinance to Levy Tax
Dec. 2, 2013	Record Notice of Special Tax
Dec. 3, 2013	City Council ○ Adopt Ordinance to Levy Special Tax

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RESOLUTION NO.

Adopted by the Sacramento City Council

ESTABLISHING THE NATOMAS CROSSING YOUTH SERVICES COMMUNITY FACILITIES DISTRICT NO. 2013-01; PROVIDING FOR THE LEVY OF A SPECIAL TAX THEREIN TO FINANCE YOUTH SERVICES; AND CALLING A SPECIAL ELECTION ON THE QUESTION OF LEVYING THE SPECIAL TAX AND ESTABLISHING AN APPROPRIATIONS LIMIT

BACKGROUND

A. The City Council has duly considered the advisability and necessity of establishing a community facilities district and levying a special tax therein to pay for the services to be provided within the district and surrounding area, all under the Mello-Roos Community Facilities Act of 1982 (the "**Act**") and chapter 3.124 of the Sacramento City Code ("**Chapter 3.124**").

B. On September 17, 2013, the City Council adopted Resolution No. 2013-0307 (the "**Resolution of Intention**") declaring its intention to establish the Natomas Crossing Youth Services Community Facilities District No. 2013-01 (the "**District**") and describing the boundaries of the territory proposed for inclusion in the District.

C. The Resolution of Intention fixed a time and place for a public hearing at which the City Council would consider (1) the establishment of the District; (2) the proposed rate, method of apportionment, and manner of collection of a special tax to finance providing the services for the District; and (3) all other matters set forth in the Resolution of Intention.

D. A report on the proposal to establish the District was caused to be prepared by the City's Public Improvement Finance Manager of the Department of Finance in accordance with the Resolution of Intention. The City Council has reviewed the report, which is incorporated into this resolution as Exhibit A and made a part of the record of the public hearing on the Resolution of Intention.

E. In accordance with the Resolution of Intention, a public hearing was scheduled for 6:00 p.m. on Tuesday, October 22, 2013, in the City Council's regular meeting place: City Council Chambers, New City Hall, 915 I Street, first floor, Sacramento, California. The City Council subsequently continued the hearing to November 5, 2013 at the same time and place. At the continued hearing, the City Council considered the establishment of the District; the proposed rate, method of apportionment, and manner of collection of the special tax; and all other matters set forth in the Resolution of Intention. All persons interested in these matters, including all taxpayers, property owners, and registered voters within the District, were given an opportunity to appear and be heard, and the City Council heard and considered the testimony of all such interested persons for or against the following: the establishment of the District; the levy of the special tax; the extent of the District's territory; the types of services proposed to be provided within the District, and any other matters set forth in the Resolution of Intention. The special tax was not precluded by a majority protest under Government Code Section 53339.6, and at the conclusion of the hearing the City Council was fully advised in the premises and was authorized to proceed as provided in this resolution.

F. All owners of property within the proposed boundaries of the District have agreed to waive the following time limits and other requirements, but only with regard to proceedings to establish the District and conduct the special election: (a) all time limits specified in Section 53326, subdivision (a), of the Act (pertaining to the election on the proposed special tax); (b) preparation of an impartial analysis of the ballot measure that submits the special tax to the qualified electors of the District, as well as preparation of arguments for and against the measure; (c) the requirements in Elections Code Section 4101 regarding the time to mail ballots to the qualified electors; (d) the requirements in Section 53327.5 of the Act regarding "identification envelopes" for the return of mailed ballots; (e) any defects of notice or procedure in the conduct of the election, whether known or unknown, so long as the defects do not infringe the right to vote and have the ballots fairly counted.

G. On the basis of all the foregoing, the City Council has determined to call an election within the District to authorize the following: (1) the levy of a special tax on real property within the District to pay for the services proposed to be provided for the District (the rate, method of apportionment, and manner of collection of the tax are more particularly described in Exhibit B to this resolution); and (2) the establishment of an appropriations limit for the District.

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

Section 1. The City Council finds and determines that the recitals set forth above are true.

Section 2. The City Council approves the Resolution of Intention and confirms all of its determinations and findings, provided, however, that the City Council modifies the Resolution of Intention solely with respect to the addition of a requirement for an annual report from the City to the business community within the District, as set forth in Exhibits A and B to this resolution. The rate, method of apportionment, and manner of collection of the special tax for the District are set forth in Exhibit B to this resolution. Upon recordation of a notice of special tax lien in accordance with 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 District. The lien will continue in perpetuity or until such time as the City determines it no longer needs the special-tax to fund authorized services of the District.

Section 3. The City Council determines and finds that written protests against the establishment of the District, the levy of the special tax, the extent of the District, and the types of services to be provided as set forth in Exhibit C do not constitute a majority protest under the Act. Accordingly, the City Council overrules all protests to the establishment of the District, to the levy of the special tax, the extent of the District, the types of services to be provided, or the establishment of an appropriations limit for the District.

Section 4. The City Council determines and finds that all of its prior proceedings with respect to the establishment of the District are valid and conform to the requirements of the Act. Accordingly, the City Council

determines and orders, consistent with the Resolution of Intention and in accordance with the Act, that the boundaries of the District are as set forth in Exhibit D to this resolution and as recorded in the office of the Sacramento County Clerk/Recorder on September 20, 2013, in Book 115 of Maps of Assessments and Community Facilities Districts at Page 0025, Document No. 20130920PG0285.

Section 5. Except when funds are otherwise available, a special tax will be levied annually on real property within the District in an amount sufficient to do the following, as appropriate: (a) pay for the services set forth in Exhibit C; (b) repay funds the City advances for the District; and (c) repay advances of funds or reimburse the value or cost (whichever is less) of work provided in kind for the District under agreements between the City and the persons or entities advancing the funds or providing the work (these agreements will not constitute debts or liabilities of the City). The special tax will be secured by recordation of a continuing lien against all nonexempt property in the District. Exhibit B to this resolution sets forth the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow each landowner or resident within the District to estimate the maximum annual amount that the landowner or resident will have to pay.

Section 6. In accordance with Government Code Section 53317.3, if property that is not otherwise exempt from the special tax is acquired by a public entity through a negotiated transaction or by gift or devise, then the special tax shall continue to be levied on the property and shall be enforceable against the public entity that acquired the property.

Section 7. In accordance with Government Code Section 53317.5, if property subject to the special tax is acquired by a public entity through eminent-domain proceedings, then the obligation to pay the special tax shall be treated as if it were a special annual assessment.

Section 8. In accordance with Government Code Section 53340.1, the special tax shall be levied on leasehold or possessory interests in property owned by a public agency and otherwise exempt from the special tax.

Section 9. A special election is ordered to be held, in accordance with the Act, applicable law, and this resolution, on **Monday, November 18, 2013**, in the territory comprised by the District. At the special election, the

question of levying the special tax on real property within the District and establishing an appropriations limit (as defined by article XIIIB, Section 8, subdivision (h) of the California Constitution) for the District in the amount of **$500,000** per fiscal year will be submitted to the landowners within the District (who are the electors and persons qualified to vote at the special election).

Section 10. The City Clerk is designated as the official to conduct the special election in accordance with the Act, applicable law, and the following provisions:

(a) The special election shall be held and conducted, the votes canvassed and the returns made, and the results ascertained and determined, all as provided in this Section 10. In all particulars not prescribed by this resolution, the special election shall be held and conducted and the votes received and canvassed in the manner provided by law for holding of general elections in the City and consistent with the Act.

(b) All landowners within the District on the date of the special election will be qualified to vote on the proposition submitted at the special election.

(c) The special election shall be conducted as a mailed-ballot election in accordance with Elections Code Sections 4000, 4002, 4003, 4004, and 4108 and the City's prior proceedings under those Sections, and there will be no polling places for the special election. The City Clerk shall deliver all ballots to the qualified electors, and all voted ballots must be received at the City Clerk's office **by 5:00 p.m. on the election day** to be counted. If, however, all qualified electors have voted before that date and time, then the election will be closed.

(d) To vote for levying the special tax and establishing the appropriations limit, a voter must mark a cross (X) in the blank space opposite the word "YES" on the ballot to the right of the proposition. To vote against levying the special tax and establishing the appropriations limit, a voter must mark a cross (X) in the blank space opposite the word "NO" on the ballot to the right

of the proposition. The cross (X) or similar mark may be marked with either pen or pencil.

(e) The City Clerk shall commence the canvass of the returns of the special election at **5:00 p.m. on Monday, November 18, 2013**, at the City Clerk's office, City Hall, 915 I Street, Fifth Floor, Sacramento, California, and at the conclusion of the canvass shall determine the results of the special election. If all the qualified voters have voted before that date and time, then the City Clerk shall close the special election and proceed to canvass the returns and determine the results.

(f) The City Council shall meet at its regular meeting on **Tuesday, November 26, 2013, at 6:00 p.m.** at its usual meeting place and declare the results of the special election and shall cause to be spread upon its minutes a statement of the results of the special election as ascertained by the canvass.

Section 11. If two-thirds of the votes cast upon the question of levying the special tax and establishing the appropriations limit are cast in favor of levying the special tax and establishing the appropriations limit, as determined by the City Council after reviewing the canvass of the returns of the election, then the City Council may levy the special tax within the territory of the District in accordance with the Act, in the amount and for the purposes specified in this resolution, and the appropriations limit, as defined by article XIIIB, section 8, subdivision (h) of the California Constitution, will be established for the District. The special tax may be levied only at the rate and may be apportioned only in the manner specified in this resolution, subject to the Act, except that the special tax may be levied at a rate lower than the rate specified in Exhibit B. The special tax may be levied only so long as it is needed to pay for the services identified in Exhibit C (including the repayment of funds advanced for the District).

Section 12. The City's Manager of the Public Improvement Financing Division, Department of Finance, 915 I Street, 3rd Floor, Sacramento, California 95814 (telephone 916-808-8788) shall annually prepare a current roll of special tax levy obligations by the Sacramento County Assessor's parcel numbers and shall estimate future special tax levies in accordance with Government Code section 53340.2.

Section 13. Exhibits A, B, C, and D are part of this resolution.

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Exhibit A: Hearing Report
Exhibit B: Rate and Method of Apportionment of Special Tax
Exhibit C: List of Authorized Services
Exhibit D: Area Map of Proposed Boundary

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Draft Hearing Report

The Economics of Land Use

Natomas Crossing Youth Services Community Facilities District 2013-01

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

October 2013

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1. INTRODUCTION

Purpose of the CFD

The City of Sacramento (City) retained Economic & Planning Systems, Inc., (EPS) to support its efforts to create a Mello-Roos Community Facilities District (CFD) to fund youth services for the Natomas Crossing project. Nonresidential development projects that are approved in Natomas Crossing area will be required to participate in the CFD and to pay a fair share for the costs of providing youth services within the immediate area.

A condition of approval for the Natomas Crossing PUD project (Project) in the North Natomas Community Plan (NNCP) requires the property owners form a CFD to fund youth library services, and recreation and cultural programs. The Condition was approved by Resolution 2009-534, approved by City Council August 11, 2009. While the nonresidential development areas in the Project will be subject to a Mello-Roos special tax for youth services, the proceeds of the special taxes are intended to fund such services throughout the NNCP area.

The proposed CFD would be imposed solely on nonresidential development. The CFD initially will be formed on the Project, with the possibility for future annexations of additional NNCP nonresidential areas.

Purpose of this Report

This Hearing Report presents a description of the CFD, the methodology for calculating the special tax rate, and the results of that analysis. The Resolution of Intention (ROI) to form the CFD was considered and adopted by the City Council (Council) on September 17, 2013. The Resolution of Formation (ROF) will be considered by the Council on October 22, 2013. The proposed boundaries of the CFD are shown in **Map 1**.

The special tax will be levied and collected initially in the fiscal year following the fiscal year in which a building permit was issued for nonresidential land uses in the CFD. The Project will build out over a period of time, and the special tax will phased in over a four year period for each building after a building permit is issued. As such, special tax revenues needed to fund services within NNCP will grow slowly over a period of time.

This report provides an example of the how the special tax will be implemented on a phased basis.

Project Area Description

The Natomas Crossing project area consists of approximately 293.7 acres of residential and nonresidential mixed uses currently owned by Alleghany Properties (Developer). Nonresidential uses will be comprised of office, retail, hotel, hospital, and residential/nonresidential mixed uses. Residential uses that develop in the project area will not be subject to the special tax under the CFD.

Organization of the Report

This report consists of five chapters including this introduction. **Chapter 2** describes the land uses in the CFD. **Chapter 3** describes the public services to be funded in the CFD, and the costs. **Chapter 4** discusses the allocation of service costs. **Chapter 5** describes the structure of the CFD and the Rate and Method of Apportionment.

Two exhibits are attached to this report. **Exhibit A** is the List of Authorized Services. **Exhibit B** is the Rate and Method of Apportionment and Manner of Collection of Special Tax (RMA).

Natomas Crossing Youth Services
CFD 2013-01
NIMES LN
WEST ENTRANCE RD
E COMMERCE WAY
ARENA BLVD
TRUXEL RD
RADAR LN
PROSPER RD
GLOSTER WAY
ENDEAVOR WAY
BERYL CT
NATOMAS CROSSING DR
GREG JARVIS AVE
AMELIA EARHART AVE
SAMUELSON WAY
FIRESTAR WAY
CITRINE WAY
DUCKHORN DR
FAR NIENTE WAY
GREAT EGRET WAY
SAINTSBURY DR
BILSTED WAY
SPINEL CIR
MADRONE WAY
INNOVATOR DR
BROADLAND ST
CASHAW WAY
NATURITA WAY
NUCLA WAY
DRUSY AVE
TANZANITE AVE
ELKART WAY
AHART WAY
JACKDAW ST
MUSKRAT WAY
MYOTIS DR
AIRPORT RD
ORCUTT CIR
DRAGONFLY CIR
MYNA WAY
STILT CT
SAN JUAN RD
5
80
N
W
E
S
0 250 500 1,000
Feet

2. CFD LAND USES

The CFD will be formed initially over the entire approximately 293.7 acre Project. Of this total acreage, approximately 255.8 acres is designated for nonresidential uses, while the remaining 37.9 acres are designated for multifamily uses. While the CFD is being formed initially on 293.7 acres, it is anticipated that other nonresidential projects within the NNCP may be annexed to the CFD in future years.

Based upon the Natomas Crossing PUD, **Table 1** shows the estimated square footage of residential and nonresidential land uses, showing a low estimate and a high estimate of square footage by land use type. These square footage assumptions will be used to show projections of potential special tax revenue capacity in **Chapter 4**.

Table 1
Natomas Crossing Youth Services Community Facilities District No. 2013-1
CFD Land Uses

		Square Footage Range	
Land Use	**Acres**	**Low**	**High**
Nonresidential Uses			
Office	113.8	777,830	2,433,920
Retail	93.2	671,952	1,022,714
Hotel	11.4	193,550	311,200
Hospital/Office	37.4	235,600	600,000
Nonresidential Subtotals	**255.8**	**1,878,932**	**4,367,834**
Residential Uses			
Multifamily Only	37.9	380,700	852,700
Totals	**293.7**	**2,259,632**	**5,220,534**

"land_use"

Source: Natomas Crossing PUD and Alleghany Properties LLC

3. AUTHORIZED CFD SERVICES

The CFD is being formed to partially fund certain youth and cultural programs and library services within the NNCP area. The Municipal Research and Services Center of Washington defines a healthy community as one that is continuously creating and improving those physical and social environments and expanding those community resources that enable people to mutually support each other in performing all the functions of life and in developing their maximum potential[i]. The City considered benefits that would be derived, by both the residential and commercial communities, within the NNCP area as a result the CFD formation. The overarching conclusion is that the CFD will help to increase quality of life and economic conditions in the NNCP area, thereby helping to improve the commercial climate within the CFD.

Building Stronger Community

Developing a funding source dedicated to providing youth cultural and recreation services creates greater opportunities for youth within the NNCP to participate in sports, leadership programs, employment training programs, and other after school and weekend opportunities to remain civically engaged. Recreation programs provide youth opportunities and places to interact with their peers.

The general consensus is that such programs enhance a positive sense of well-being for the entire community, creating a safe environment for residents, employers, employees, and shoppers. Active recreation programs strengthen communities by reducing crime, encouraging volunteerism, and promoting stewardship (The Health and Social Benefits of Recreation, California State Parks, 2005). Safe and healthy neighborhoods increase quality of life for current and future residents as well as the business community.

Better Economic Conditions

One of the City of Sacramento's 2013 Economic Development Strategic Goals is to promote program initiatives that support economic growth, quality of life and job creation. One of the key criteria for businesses looking to locate to an area is the cultural and recreation amenities available to their employees. The youth services are intended to provide educational opportunities for youth within the programs which, in turn, could lead to a more educated, well-rounded native work force. The services provided by the CFD directly support the economic development goals of the City.

The Next Economy Capitol Regional Prosperity Plan prepared by Valley Vision in March 2013 is an examination of the region's economic competitive position. It states a vision for the region to "be a desirable place for a quality workforce to live, study, work, play, and collaborate". The plan calls for investment into cultural infrastructure and for supporting education opportunities. Providing recreation and cultural opportunities for youth supports the economic climate of the entire community and is unique to the NNCP area. Supporting the overall community health of the NNCP also supports a vibrant and thriving commercial and office center in the CFD.

Project Benefits

The planned commercial, retail, hospital, and office uses within the CFD will benefit from being part of an overall healthy community. Business attraction and retention efforts are supported by having cultural and recreation services available within the community. Having youth programs available to the children of employees who are interested in job opportunities within the NNCP is an attraction tool for employers.

In addition to the commercial and office uses, hospitals and hotels are planned for the project area. These land uses would attract not only the employees working in hospitals and hotels, but also guest and visitors. The increased density of employees, patrons, guests, and visitors would create greater opportunities for retail and service employers. Property and business owners, within the CFD, have the opportunity to coordinate with the Department of Parks and Recreation to provide the services listed below on site, as well as to market the services to their employees and guests.

Annual Report

Beginning the year after the special-tax is collected, the Department of Parks and Recreation of the City of Sacramento will provide an Annual Report, as defined in the attached Rate and Method of Apportionment, to the business community within the CFD. The Annual Report will review the activities and services provided, expenditures, program performance, and accomplishments for the prior year. It is intended that the Annual Report process will provide an opportunity for the business community within the CFD to have input into the future year's expenditure plans, activities, and services.

Authorized Services of the CFD

In general, authorized services to be funded under the CFD are recreation services for youth, library services for youth, and the operation of cultural facilities for youth. Services of the CFD will be provided by the City Department of Parks and Recreation.

Examples of possible programs that could be developed to provide opportunities for youth of the NNCP area are listed below.

- Classes and camps – e.g., sports/fitness, nature/science/outdoors, art, cultural/heritage, drama/dance/performing arts, therapeutic recreation, instructional sports clinics, multi-dimensional
- Sports leagues and programs – including a variety of different sports
- Enrichment, educational, and environmental programs
- Swimming programs
- Crime and gang prevention programs
- Licensed childcare
- Classes and activities – e.g., arts and crafts, cooking, wellness/exercise, nature/science/outdoors, dance, music, martial arts

- Job preparation and youth employment programs
- Life skills development
- Leadership training
- Volunteer service projects and mentoring programs
- Special events

Services and programs may be offered after school, in the afternoon, in the evening, on weekends, during the summer, and during school break periods.

These services will be provided by the City Department of Parks and Recreation.

Services will be delivered in the NNCP Area and will be provided in publicly accessible areas and within public facilities, such as parks, community centers, schools, libraries, and other areas deemed appropriate for the activities by the Department of Parks and Recreation.

4. MAXIMUM ANNUAL SPECIAL TAXES AND REVENUE PROJECTIONS

The maximum annual special tax per building square foot was established through negotiations between the Developer and the City as part of the preparation of the Development Agreement (DA). The maximum annual special tax is to be established at the same rate for all nonresidential land uses. The special tax program is to be implemented incrementally over a four year period. Discussions of the maximum annual special tax and revenue projections follow.

Maximum Annual Special Tax

The maximum annual special tax for all nonresidential land use types is $0.053 in the initial fiscal year; however, this maximum annual special tax will be phased in over a four year period. **Table 2** (**Attachment 1** of the RMA) shows the maximum annual special tax rates per building square foot for land use categories, and the phasing of the maximum annual special tax. The maximum annual special tax rates are stated in base year amounts. These rates will be increased by the tax escalation factor in each fiscal year following the base year.

The maximum annual special tax for the initial fiscal year will be $0.005 per building square foot. The maximum annual special tax for the second fiscal year will be 25-percent of the $0.053 per building square foot, or $0.01325, in base year dollars. In third fiscal year the maximum annual special tax is 50-percent of $0.53, or $0.265 per building square foot, in base year dollars. In fourth fiscal year the maximum annual special tax is increased to $0.53 per building square foot, in base year dollars. These maximum annual special tax rates are increased 2-percent annually following the base year.

The maximum annual special tax is applicable only to nonresidential land uses. This will be discussed further in **Chapter 5**.

Special Tax Revenue Projections

The amount of annual special tax revenue that is available to fund youth services will be dependent on the build out of nonresidential development within the CFD. It is not anticipated that there will be any new development in the CFD during the first year in which the special tax is in effect. The Developer has provided low and high estimates of the total building square foot for nonresidential uses. These estimates are shown in **Table 1** in **Chapter 2**.

It is unknown how long it will take to build out the project area. To illustrate the potential revenue capacity from the levy of the special tax, the low and high estimates of total building square foot for the project area are multiplied by the maximum annual special tax per building square foot for the base year **Table 3** to show potential ranges of special tax revenue available for authorized services, assuming full build out of the project area. This projection is provided to give a general understanding of the potential revenues that may be available on an annual basis to fund authorized services. Actual special tax revenues will predicated on the timing of new development and the build out period.

Table 2
Natomas Crossing Youth Services Community Facilities District No. 2013-1
Maximum Annual Special Tax Rate per Building Square Foot

	Maximum Annual Special Tax Rate per Building Square Foot [1]			
	Fiscal Year Following Issuance of Initial Building Permit for a Parcel			
Land Use	**Fiscal Year 1 [1]**	**Fiscal Year 2 [1]**	**Fiscal Year 3 [1]**	**Fiscal Year 4 [1]**
Nonresidential Building	$0.005	$0.013250	$0.026500	$0.053000
Mixed-Use Building	$0.005	$0.013250	$0.026500	$0.053000

"max_tax"

[1] The Maximum Annual Special Tax Rate per Building Square Foot will be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year.

Table 3
Natomas Crossing Youth Services Community Facilities District No. 2013-1
Projected Annual Special Tax Revenues in Base Year Dollars

Year	Building Square Footage [1]		Maximum Annual Special Rate [2]	Maximum Annual Special Tax Revenue	
	Low	High		Low	High
At Buildout	1,878,932	4,367,834	$0.053	$99,583	$231,495

"tax_rev"

[1] From **Table 1**.

[2] This is the maximum annual special tax for the base year. The maximum annual special tax is increased by CPI up to 2-percent annually.

5. FEATURES OF THE CFD

The features of the CFD are delineated in the RMA. Parcels in the CFD will pay special taxes based on the RMA. The attached exhibits are documents contained in the Resolution of Formation. **Exhibit A** is the List of Authorized Services. **Exhibit B** is the RMA.

Definition of Services Annual Costs

Each year, the CFD administrator will approve the costs of providing authorized services of the CFD for the upcoming fiscal year. These costs are funded by the levy and collection of the special tax. The annual services costs will include the following items:

- The costs of CFD authorized services to be incurred in the upcoming fiscal year.
- Administrative expenses for such fiscal year.
- An amount equal to the amount of delinquencies in payment of the special tax levied in the previous fiscal year or anticipated for the current fiscal year.

Determination of Parcels Subject to Special Tax

All new nonresidential development in the CFD will be subject to the tax on receipt of building permit or special use permit from the City. A parcel with such a building permit will be classified as a "developed parcel". A parcel that has a building permit for nonresidential land uses that is revoked, abandoned, or otherwise does not result in vertical development will cause such a parcel to no longer be a developed parcel and subject to the special tax. The administrator will prepare a list of the parcels subject to the special tax by using the records of the City and County Assessor.

Termination of the Special Tax

The special tax is levied and collected in perpetuity or until such time as the City determines it no longer needs the special tax to fund authorized services of the CFD.

Classification of Parcels

Before assigning the maximum annual special tax, each parcel in the CFD is classified as either a taxable parcel or a tax-exempt parcel. Taxable parcels are further classified as developed or undeveloped parcels. Developed parcels are further classified as having a building permit for nonresidential buildings or mixed-use buildings.

Assignment of Maximum Annual Special Tax

Section 4 of the RMA describes in detail the precise method for assigning the maximum annual special tax to parcels in the CFD. The RMA assigns a maximum annual special tax to taxable parcels when a building permit or special use permit is issued for nonresidential land uses. The

maximum annual special tax is based on the building square foot for a nonresidential building. The maximum annual special tax is determined by multiplying the maximum annual special tax per building square foot times the total building square footage for nonresidential uses for all structures on a parcel. The maximum annual special tax will be applied to parcels with building permits or special use permits issued after January 1, 2013.

Phasing of the Maximum Annual Special Tax per Building Square Foot

The maximum annual special tax per building square foot is phased in over four fiscal years. The Developer and City agreed on an initial base year maximum annual special tax rate per building square foot of $0.053. However, this is to be phased in over the first four years after the base year, as discussed in **Chapter 4**.

The maximum annual special tax for each developed parcel equals the sum of the product derived by multiplying the building square footage of ***each*** nonresidential building and mixed-use building by the applicable maximum annual special tax rate per building square foot (as adjusted by the tax escalation factor).

The discussion below is an example of assignment of the maximum annual special tax for a developed parcel with more than one taxable structure. The table below includes assumptions for the example.

Item	Period	Building Sq. Ft.	Description
Parcel #1	N/A		Planned for 2 Nonresidential Buildings
Building 1	Year 1	50,000	Taxable in the Base Year
Building 2	Year 3	75,000	Taxable two years after Base Year

On Parcel 1, City records indicate a building permit is issued for the first building on a developed parcel (defined as Building 1 in this example). Using the Fiscal Year 1 maximum annual special tax (for the base year), the developed parcel would be assigned a maximum annual special tax per building square foot of $0.005 for a total special tax of $250 (50,000 x $0.005) for Building 1.

In the next Fiscal Year, the maximum annual special tax per building square foot for Building 1 would be assigned using the Fiscal Year 2 special tax of $0.013 (in **Table 2**), as adjusted by the tax escalation factor of 2-percent. Thus the maximum annual special tax per building square foot assigned to Building 1 in the next Fiscal Year would be $0.01326 for a total special tax of $663 (50,000 x $0.01326).

In the third Fiscal Year (Year 3) a Building Permit is issued for Building 2 on the same developed parcel. Building 2 would be assigned the initial maximum annual special tax per building square foot of $0.005, as adjusted by the tax escalation factor for two Fiscal Years. Therefore, Building

2 is assigned a maximum annual special tax per building square foot of $0.0052 in Year 3 for a total special tax of $390 (75,000 x $0.0052) for Building 2. In Year 3, Building 1 would be assigned the maximum annual special tax per building square foot for Fiscal Year 3 of $0.027, as adjusted by the tax escalation factor for two Fiscal Years. In this example, the maximum annual special tax per building square foot for Building 1 would be $0.0281 for a total of $1,400 (50,000 x $0.0281) for Building 1. The Maximum Annual Special Tax for Parcel 1 in Year 3 would equal $1,790 ($1,400 for Building 1 plus $390 for Building 2).

Base Year for Services Special Tax

The base year is the fiscal year following the fiscal year in which the initial building permit for nonresidential building is issued. For example, if a building permit for nonresidential uses is issued before June 30, 2014, the base year will be FY 2014-15.

Tax Escalation Factor for Special Tax

The maximum annual special tax rate per building square foot is increased following the base year by an amount which is equal to the Consumer Price Index (CPI), prior calendar year average, San Francisco, All Urban Consumers (CPI-U) Index, not to exceed 2 percent per Fiscal Year. The Tax Escalation Factor will begin in the Fiscal Year following the Base Year. If the CPI is negative in any Fiscal Year, the tax escalation factor will be zero for that year.

Setting the Special Tax Levy for Taxable Parcels

To determine the annual levy, the administrator will use the process presented in **Section 5** of the RMA and shown below.

Compute the annual costs using the definitions in **Section 2** of the RMA:

Step 1: Compute 100 percent of the maximum annual special tax revenue for all developed parcels.

Step 2: Compare the annual costs with the maximum annual special tax revenue calculated in the previous step.

Step 3: If the annual costs are less than the maximum annual special tax revenue, decrease proportionately the special tax levy for each developed parcel until the revenue from the special tax levy equals the annual costs.

Table 4
Natomas Crossing Youth Services Community Facilities District No. 2013-1
Maximum Annual Special Tax Rate per Building
Square Foot by Fiscal Year

Fiscal Year	Year 1	Year 2	Year 3	Year 4
1	$0.005	$0.013	$0.027	$0.053
2	$0.005	$0.014	$0.027	$0.054
3	$0.005	$0.014	$0.028	$0.055
4	$0.005	$0.014	$0.028	$0.056
5	$0.005	$0.014	$0.029	$0.057
6	$0.006	$0.015	$0.029	$0.059
7	$0.006	$0.015	$0.030	$0.060
8	$0.006	$0.015	$0.030	$0.061
9	$0.006	$0.016	$0.031	$0.062
10	$0.006	$0.016	$0.032	$0.063
11	$0.006	$0.016	$0.032	$0.065
12	$0.006	$0.016	$0.033	$0.066
13	$0.006	$0.017	$0.034	$0.067
14	$0.006	$0.017	$0.034	$0.069
15	$0.007	$0.017	$0.035	$0.070
16	$0.007	$0.018	$0.036	$0.071
17	$0.007	$0.018	$0.036	$0.073

"max_tax"

Prepayment of the Facilities Special Tax Obligation

The special tax may not be prepaid because it is collected in perpetuity or until the Council determines that the special tax should no longer be collected.

Tax-Exempt Parcels Converted to Taxable Parcels

Tax-exempt public parcels converted to private use will become taxable as described in **Section 5E** of the RMA.

Taxable Parcels Acquired by a Public Agency

Taxable parcels acquired by a public agency for public use after the CFD is formed will become tax-exempt based upon the definitions in **Section 2** of the RMA.

Manner of Collection

The special tax will be collected in the same manner and at the same time as ad valorem property taxes. As specified in **Section 10** of the RMA, 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.

Interpretations, Application, and Appeal of RMA and Procedures

Any taxpayer who feels that 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 will then 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 in any case, a refund will be granted.

Interpretations may be made by Resolution 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 the administrative efficiency or convenience or to comply with new applicable federal, state or local law.

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[i] http://www.mrsc.org/subjects/humanservices/healthy/healthyprog.aspx

EXHIBITS:

Exhibit A: List of Authorized Services

Exhibit B: Rate and Method of Apportionment

EXHIBIT A:

List of Authorized Services

List of Authorized Services

Natomas Crossing Youth Services
Community Facilities District No. 2013-01

For financing of recreation and cultural programs and library services for youth:

- Classes and camps – e.g., sports/fitness, nature/science/outdoors, art, cultural/heritage, drama/dance/performing arts, therapeutic recreation, instructional sports clinics, multi-dimensional
- Sports leagues and programs – including a variety of different sports
- Enrichment, educational, and environmental programs
- Swimming programs
- Crime and gang prevention programs
- Health and nutrition support and feeding programs
- Licensed childcare
- Classes and activities – e.g., arts and crafts, cooking, wellness/exercise, nature/science/outdoors, dance, music, martial arts
- Job preparation and youth employment programs
- Life skills development
- Leadership training
- Volunteer service projects and mentoring programs
- Special events.

Services and programs may be offered after school, in the afternoon, in the evening, on weekends, during the summer, and during school break periods.

Services will be provided by the City of Sacramento Department of Parks and Recreation.

Services with be delivered within the North Natomas Community Plan Area.

Services will be provided in publicly accessible areas and within public facilities such as parks, community centers, schools, libraries, and other areas deemed appropriate for the activity by the Department of Parks and Recreation.

EXHIBIT B:

Rate and Method of Apportionment of the Special Tax

CITY OF SACRAMENTO, CALIFORNIA
NATOMAS CROSSING COMMUNITY FACILITIES DISTRICT
NO. 2013–01 (YOUTH SERVICES)

RATE AND METHOD OF APPORTIONMENT AND MANNER OF COLLECTION OF SPECIAL TAXES

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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 Community Facilities District No. 2013–01 (Youth Services) (CFD) of the City of Sacramento (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"**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 estimated costs incurred by the City to form the CFD and to determine, levy, and collect the Special Taxes, including compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the Special Taxes on the general tax rolls or by other means, preparation of required reports, and any other costs required to establish or administer the CFD as determined by the City.

"**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 each Fiscal Year, the total of (1) Authorized Services, (2) Administrative Expenses, and (3) any amounts needed to offset actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

"Annual Report" means the report provided, each year, by the Department of Parks and Recreation, reviewing the prior year's provision of services, accomplishments, and budget expenditures, to the business owners within the CFD. The report will be provided through a business association, management organization or board, or other organization working with the business community in the CFD.

"**Authorized Services**" mean those services, as listed in **Attachment 2** to the RMA.

"**Base Year**" means the Fiscal Year following the Fiscal Year in which the Initial Building Permit is issued within the boundaries of the CFD.

"**Building Permit**" means the issuance of a City building permit for the construction of Residential Building, Mixed-Use Building or Nonresidential Building in the CFD.

"**Building Square Foot(age)**" means the square footage of any Nonresidential floor area as determined by the City at Building Permit issuance or special use permit issuance. The Building Square Footage does not include the floor area of a Tax-Exempt Building.

"**CFD**" means the Community Facilities District No. 2013–1 (Youth Services) of the City of Sacramento, Sacramento County, California.

"**City**" means the City of Sacramento in Sacramento County, California.

"**Council**" means the City Council of the City of Sacramento 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 the preparation of the tax roll.

"**Developed Parcel**" means a Parcel for which a Building Permit or special use permit has been issued for a Nonresidential Building or Mixed-Use Building after January 1, 2013. A Developed Parcel may cease to be defined as such if a Building Permit on a Parcel is revoked, abandoned or otherwise does not result in vertical development on the Parcel.

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

"**Initial Building Permit**" means the first Building Permit issued for a Nonresidential Building or Mixed Use Building in the CFD.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Developed Parcel, calculated by multiplying the Maximum Annual Special Tax Rate per Building Square Foot by the Building Square Footage for each Nonresidential Building and Mixed-Use Building on a Developed Parcel.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of Special Tax revenue that can be collected by levying the Maximum Annual Special Tax against all Taxable Parcels.

"**Maximum Annual Special Tax Rate per Building Square Foot**" means the amount shown in **Attachment 1** for a Fiscal Year that is assigned to a Building Square Foot of a Nonresidential Building or Mixed-Use Building. **Attachment 1** shows the Maximum Annual Special Tax Rate per Building Square Foot for each year in the first 4 years. The Maximum Annual Special Tax Rate per Building Square Foot is adjusted annually by the Tax Escalation Factor in each Fiscal Year following the Base Year. For each new taxable structure on a Parcel, the Maximum Annual Special Tax per Building Square Foot will be phased in over a 4-year period.

"**Mixed-Use Building**" means a structure that contains uses that are classified as Nonresidential Building and Residential Building. A Mixed-Use Building may be either a vertical mixed-use or horizontal mixed-use building.

"**Nonresidential**" means a use designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses on a Parcel.

"**Nonresidential Building**" means a structure, or portion of a structure, located on a Taxable Parcel with land uses designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses on a Parcel. A Nonresidential Building that consists of a detached building, the use of which is subordinate and customarily incidental to that of the main building shall be considered a Tax-Exempt Building.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"**Parcel Number**" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"**Public Parcel**" means any Parcel, in its entirety, that is publicly owned that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel will be a Tax-Exempt Parcel.

"**Residential Building**" means a structure, or portion of a structure, with land uses designated for residential uses such as single-family residential, multifamily residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities. Residential Buildings exclude uses classified under the definition of Nonresidential Building above.

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

"**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 an annual percentage increase in the Maximum Annual Special Tax Rate per Building Square Foot following the Base Year, which is equal to the Consumer Price Index (CPI), prior calendar year average, San Francisco, All Urban Consumers (CPI-U) Index, not to exceed 2 percent per Fiscal Year. The Tax Escalation Factor will begin in the Fiscal Year following the Base Year. If the CPI is negative in any Fiscal Year, the tax escalation factor will be zero for that year.

"**Taxable Parcel**" means any Parcel that is a Developed Parcel and not a Tax-Exempt Parcel.

"**Tax-Exempt Building**" means a Nonresidential Building that consists of a detached building, the use of which is subordinate and customarily incidental to that of the main building, or to the main use of the land. An example of such a building is one that is constructed to house backup power generators. A property owner must petition the City to have a Nonresidential Building designated as a Tax-Exempt Building.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are Public Parcels (subject to the limitations set forth in **Section 4**, below), Undeveloped Parcels, and Parcels with only 100-percent Residential Buildings. Parcels with Mixed-Use Buildings shall not be Tax-Exempt.

"**Undeveloped Parcel**" means a Parcel that is not a Developed Parcel.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City will 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. The Notice of Cessation of Special Tax, in addition, will 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. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions in **Section 2** above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the Administrator shall complete the following steps:

   1. Classify each Parcel as a Developed Parcel or Tax-Exempt Parcel.

   2. Assign to each Developed Parcel the total Building Square Footage for all Nonresidential Buildings and Mixed-Use Buildings.

B. Determination of Maximum Annual Special Tax. **Attachment 1** shows the Maximum Annual Special Tax per Building Square Foot for the Base Year. The Base Year is the Fiscal Year following the Fiscal Year in which the Initial Building Permit is issued. In each Fiscal Year following the Base Year, the Annual Special Tax Rate per Building Square Foot shall be adjusted by the Tax Escalation Factor. For each new taxable structure on a Parcel, the Maximum Annual Special Tax per Building Square Foot will be phased in over the 4 year period, as shown in **Attachment 1**.

C. Assignment of Maximum Annual Special Tax. Using **Attachment 1**, the Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel using the steps below:

   1. Developed Parcels. The Administrator shall determine the total Building Square Footage for each Nonresidential Building and Mixed-Use Building in each Developed Parcel upon issuance of the first Building Permit for a Parcel. Any additional Building Permits issued for Nonresidential Buildings or Mixed Use Buildings will result in adding new Building Square Footage to that Building Square Footage previously assigned to the Developed Parcel.

      The Maximum Annual Special Tax for each Developed Parcel equals the sum of the product derived by multiplying the Building Square Footage of ***each*** Nonresidential Building and Mixed-Use Building by the applicable Maximum Annual Special Tax Rate per Building Square Foot (as adjusted by the Tax Escalation Factor).

The table below shows the applicable Maximum Annual Special Tax Rate for two buildings, one built in Year 1 and one built in Year 2 using **Attachment 1**.

Tax Rate per Square Foot

	Building Permitted in Base Year	Building Permitted in Year 2
Base Year	0.005	
Year 2	0.01326	0.0051
Year 3	0.02705	0.01353
Year 4	0.05518	0.02759
Year 5	0.05629	0.05629
Year 6	0.05741	0.05741
Year 7	0.05856	0.05856

The following table is a sample that assumes a 2-percent Tax Escalation Factor each year. Actual special tax rates may differ because of CPI.

Special Tax Rate for Year that Building Permit Is Issued

	Base Year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Ramp up-Year 1	0.00500	0.00510	0.00520	0.00531	0.00541	0.00552	0.00563	0.00574	0.00586	0.00598
Ramp up-Year 2	0.01300	0.01326	0.01353	0.01380	0.01407	0.01435	0.01464	0.01493	0.01523	0.01554
Ramp up-Year 3	0.02600	0.02652	0.02705	0.02759	0.02814	0.02871	0.02928	0.02987	0.03046	0.03107
Max Tax-Year 4	0.05200	0.05304	0.05410	0.05518	0.05629	0.05741	0.05856	0.05973	0.06093	0.06214

Once assigned to a Developed Parcel, the Maximum Annual Special Tax shall not cease to be assigned to a Taxable Parcel because of building vacancy.

D. Loss of Building Square Footage. The Maximum Annual Special Tax assigned to a Taxable Parcel may be reassigned if the Building Square Footage on a Parcel is permanently removed or reduced because of permitted demolition or eliminated because of flood, fire, or other natural disaster.

E. Conversion of Nonresidential Building to a Residential Building. If a Nonresidential Building is converted to a Residential Building, the Special Tax shall not apply to the Residential Building.

F. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel ceases to be classified as a Public Parcel or Undeveloped Parcel and is converted to a taxable use, it shall become subject to the Special Tax if it meets the definitions of a Taxable Parcel. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 4.A** and **Section 4.B** above. Conversely, if a Parcel is converted to a Public Parcel, it shall become a Tax-Exempt Parcel.

5. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

A. Compute the Annual Costs using the definition of Annual Costs in Section 2.

B. Calculate the Special Tex levy for each Developed Parcel by the following steps:

Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue.

Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in Step 1.

Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.

C. Levy on each Taxable Parcel the amount calculated above.

D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 10**, send it to the County Auditor 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. 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.
- Total Building Square Footage assigned by the Administrator to Developed Parcels.

The file containing the information listed above will be available for public inspection.

7. Reports Provided for the CFD

Beginning the year after the Base Year, the Department of Parks and Recreation of the City of Sacramento will provide an Annual Report to the business community within the CFD. The Annual Report will review the activities and services provided, expenditures, program performance, and accomplishments for the prior year. It is intended that the Annual Report process will provide an opportunity for the business community within the CFD to have input into the future year's expenditure plans, activities, and services.

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

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments. Any taxpayer who feels that 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 in any case, a refund will be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, 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 the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

9. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

10. 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.

Attachment 1
Community Facilities District No. 2013-1 (Youth Services)
Maximum Annual Special Tax Rate per Building Square Foot

	Maximum Annual Special Tax Rate per Building Square Foot [1]			
	Fiscal Year Following Issuance of Initial Building Permit for a Parcel			
Land Use	**Fiscal Year 1 [1]**	**Fiscal Year 2 [1]**	**Fiscal Year 3 [1]**	**Fiscal Year 4 [1]**
Nonresidential Building	$0.005	$0.013	$0.027	$0.053
Mixed-Use Building	$0.005	$0.013	$0.027	$0.053

"max_tax"

[1] The Maximum Annual Special Tax Rate per Building Square Foot will be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year.

Attachment 2

Youth Services Community Facilities District

Natomas Crossing Planned Unit Development

For financing of recreation and cultural programs and library services for youth:

- Classes and camps—e.g., sports/fitness, nature/science/outdoors, art, cultural/heritage, drama/dance/performing arts, therapeutic recreation, instructional sports clinics, multi-dimensional.
- Sports leagues and programs—including a variety of different sports.
- Enrichment, educational and environmental programs.
- Swimming programs.
- Crime and gang prevention programs.
- Health and nutrition support and feeding programs.
- Licensed childcare.
- Classes and activities—e.g., arts and crafts, cooking, wellness/exercise, nature/science/outdoors, dance, music, martial arts.
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CITY OF SACRAMENTO, CALIFORNIA
NATOMAS CROSSING COMMUNITY FACILITIES DISTRICT
NO. 2013–01 (YOUTH SERVICES)

RATE AND METHOD OF APPORTIONMENT AND MANNER OF COLLECTION OF SPECIAL TAXES

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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 Community Facilities District No. 2013–01 (Youth Services) (CFD) of the City of Sacramento (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"**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 estimated costs incurred by the City to form the CFD and to determine, levy, and collect the Special Taxes, including compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the Special Taxes on the general tax rolls or by other means, preparation of required reports, and any other costs required to establish or administer the CFD as determined by the City.

"**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 each Fiscal Year, the total of (1) Authorized Services, (2) Administrative Expenses, and (3) any amounts needed to offset actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

"Annual Report" means the report provided, each year, by the Department of Parks and Recreation, reviewing the prior year's provision of services, accomplishments, and budget expenditures, to the business owners within the CFD. The report will be provided through a business association, management organization or board, or other organization working with the business community in the CFD.

"**Authorized Services**" mean those services, as listed in **Attachment 2** to the RMA.

"**Base Year**" means the Fiscal Year following the Fiscal Year in which the Initial Building Permit is issued within the boundaries of the CFD.

"**Building Permit**" means the issuance of a City building permit for the construction of Residential Building, Mixed-Use Building or Nonresidential Building in the CFD.

"**Building Square Foot(age)**" means the square footage of any Nonresidential floor area as determined by the City at Building Permit issuance or special use permit issuance. The Building Square Footage does not include the floor area of a Tax-Exempt Building.

"**CFD**" means the Community Facilities District No. 2013–1 (Youth Services) of the City of Sacramento, Sacramento County, California.

"**City**" means the City of Sacramento in Sacramento County, California.

"**Council**" means the City Council of the City of Sacramento 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 the preparation of the tax roll.

"**Developed Parcel**" means a Parcel for which a Building Permit or special use permit has been issued for a Nonresidential Building or Mixed-Use Building after January 1, 2013. A Developed Parcel may cease to be defined as such if a Building Permit on a Parcel is revoked, abandoned or otherwise does not result in vertical development on the Parcel.

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

"**Initial Building Permit**" means the first Building Permit issued for a Nonresidential Building or Mixed Use Building in the CFD.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Developed Parcel, calculated by multiplying the Maximum Annual Special Tax Rate per Building Square Foot by the Building Square Footage for each Nonresidential Building and Mixed-Use Building on a Developed Parcel.

"**Maximum Annual Special Tax Revenue**" means the greatest amount of Special Tax revenue that can be collected by levying the Maximum Annual Special Tax against all Taxable Parcels.

"**Maximum Annual Special Tax Rate per Building Square Foot**" means the amount shown in **Attachment 1** for a Fiscal Year that is assigned to a Building Square Foot of a Nonresidential Building or Mixed-Use Building. **Attachment 1** shows the Maximum Annual Special Tax Rate per Building Square Foot for each year in the first 4 years. The Maximum Annual Special Tax Rate per Building Square Foot is adjusted annually by the Tax Escalation Factor in each Fiscal Year following the Base Year. For each new taxable structure on a Parcel, the Maximum Annual Special Tax per Building Square Foot will be phased in over a 4-year period.

"**Mixed-Use Building**" means a structure that contains uses that are classified as Nonresidential Building and Residential Building. A Mixed-Use Building may be either a vertical mixed-use or horizontal mixed-use building.

"**Nonresidential**" means a use designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses on a Parcel.

"**Nonresidential Building**" means a structure, or portion of a structure, located on a Taxable Parcel with land uses designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses on a Parcel. A Nonresidential Building that consists of a detached building, the use of which is subordinate and customarily incidental to that of the main building shall be considered a Tax-Exempt Building.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"**Parcel Number**" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"**Public Parcel**" means any Parcel, in its entirety, that is publicly owned that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel will be a Tax-Exempt Parcel.

"**Residential Building**" means a structure, or portion of a structure, with land uses designated for residential uses such as single-family residential, multifamily residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities. Residential Buildings exclude uses classified under the definition of Nonresidential Building above.

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

"**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 an annual percentage increase in the Maximum Annual Special Tax Rate per Building Square Foot following the Base Year, which is equal to the Consumer Price Index (CPI), prior calendar year average, San Francisco, All Urban Consumers (CPI-U) Index, not to exceed 2 percent per Fiscal Year. The Tax Escalation Factor will begin in the Fiscal Year following the Base Year. If the CPI is negative in any Fiscal Year, the tax escalation factor will be zero for that year.

"**Taxable Parcel**" means any Parcel that is a Developed Parcel and not a Tax-Exempt Parcel.

"**Tax-Exempt Building**" means a Nonresidential Building that consists of a detached building, the use of which is subordinate and customarily incidental to that of the main building, or to the main use of the land. An example of such a building is one that is constructed to house backup power generators. A property owner must petition the City to have a Nonresidential Building designated as a Tax-Exempt Building.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are Public Parcels (subject to the limitations set forth in **Section 4**, below), Undeveloped Parcels, and Parcels with only 100-percent Residential Buildings. Parcels with Mixed-Use Buildings shall not be Tax-Exempt.

"**Undeveloped Parcel**" means a Parcel that is not a Developed Parcel.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City will 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. The Notice of Cessation of Special Tax, in addition, will 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. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions in **Section 2** above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the Administrator shall complete the following steps:

   1. Classify each Parcel as a Developed Parcel or Tax-Exempt Parcel.

   2. Assign to each Developed Parcel the total Building Square Footage for all Nonresidential Buildings and Mixed-Use Buildings.

B. Determination of Maximum Annual Special Tax. **Attachment 1** shows the Maximum Annual Special Tax per Building Square Foot for the Base Year. The Base Year is the Fiscal Year following the Fiscal Year in which the Initial Building Permit is issued. In each Fiscal Year following the Base Year, the Annual Special Tax Rate per Building Square Foot shall be adjusted by the Tax Escalation Factor. For each new taxable structure on a Parcel, the Maximum Annual Special Tax per Building Square Foot will be phased in over the 4 year period, as shown in **Attachment 1**.

C. Assignment of Maximum Annual Special Tax. Using **Attachment 1**, the Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel using the steps below:

   1. Developed Parcels. The Administrator shall determine the total Building Square Footage for each Nonresidential Building and Mixed-Use Building in each Developed Parcel upon issuance of the first Building Permit for a Parcel. Any additional Building Permits issued for Nonresidential Buildings or Mixed Use Buildings will result in adding new Building Square Footage to that Building Square Footage previously assigned to the Developed Parcel.

      The Maximum Annual Special Tax for each Developed Parcel equals the sum of the product derived by multiplying the Building Square Footage of ***each*** Nonresidential Building and Mixed-Use Building by the applicable Maximum Annual Special Tax Rate per Building Square Foot (as adjusted by the Tax Escalation Factor).

The table below shows the applicable Maximum Annual Special Tax Rate for two buildings, one built in Year 1 and one built in Year 2 using **Attachment 1**.

Tax Rate per Square Foot

	Building Permitted in Base Year	Building Permitted in Year 2
Base Year	0.005	
Year 2	0.01326	0.0051
Year 3	0.02705	0.01353
Year 4	0.05518	0.02759
Year 5	0.05629	0.05629
Year 6	0.05741	0.05741
Year 7	0.05856	0.05856

The following table is a sample that assumes a 2-percent Tax Escalation Factor each year. Actual special tax rates may differ because of CPI.

Special Tax Rate for Year that Building Permit Is Issued

	Base Year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Ramp up-Year 1	0.00500	0.00510	0.00520	0.00531	0.00541	0.00552	0.00563	0.00574	0.00586	0.00598
Ramp up-Year 2	0.01300	0.01326	0.01353	0.01380	0.01407	0.01435	0.01464	0.01493	0.01523	0.01554
Ramp up-Year 3	0.02600	0.02652	0.02705	0.02759	0.02814	0.02871	0.02928	0.02987	0.03046	0.03107
Max Tax-Year 4	0.05200	0.05304	0.05410	0.05518	0.05629	0.05741	0.05856	0.05973	0.06093	0.06214

Once assigned to a Developed Parcel, the Maximum Annual Special Tax shall not cease to be assigned to a Taxable Parcel because of building vacancy.

D. Loss of Building Square Footage. The Maximum Annual Special Tax assigned to a Taxable Parcel may be reassigned if the Building Square Footage on a Parcel is permanently removed or reduced because of permitted demolition or eliminated because of flood, fire, or other natural disaster.

E. Conversion of Nonresidential Building to a Residential Building. If a Nonresidential Building is converted to a Residential Building, the Special Tax shall not apply to the Residential Building.

F. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel ceases to be classified as a Public Parcel or Undeveloped Parcel and is converted to a taxable use, it shall become subject to the Special Tax if it meets the definitions of a Taxable Parcel. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 4.A** and **Section 4.B** above. Conversely, if a Parcel is converted to a Public Parcel, it shall become a Tax-Exempt Parcel.

5. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

A. Compute the Annual Costs using the definition of Annual Costs in Section 2.

B. Calculate the Special Tex levy for each Developed Parcel by the following steps:

Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue.

Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in Step 1.

Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.

C. Levy on each Taxable Parcel the amount calculated above.

D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 10**, send it to the County Auditor 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. 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.
- Total Building Square Footage assigned by the Administrator to Developed Parcels.

The file containing the information listed above will be available for public inspection.

7. Reports Provided for the CFD

Beginning the year after the Base Year, the Department of Parks and Recreation of the City of Sacramento will provide an Annual Report to the business community within the CFD. The Annual Report will review the activities and services provided, expenditures, program performance, and accomplishments for the prior year. It is intended that the Annual Report process will provide an opportunity for the business community within the CFD to have input into the future year's expenditure plans, activities, and services.

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

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments. Any taxpayer who feels that 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 in any case, a refund will be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, 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 the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

9. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

10. 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.

Attachment 1
Community Facilities District No. 2013-1 (Youth Services)
Maximum Annual Special Tax Rate per Building Square Foot

	Maximum Annual Special Tax Rate per Building Square Foot [1]			
	Fiscal Year Following Issuance of Initial Building Permit for a Parcel			
Land Use	**Fiscal Year 1 [1]**	**Fiscal Year 2 [1]**	**Fiscal Year 3 [1]**	**Fiscal Year 4 [1]**
Nonresidential Building	$0.005	$0.013	$0.027	$0.053
Mixed-Use Building	$0.005	$0.013	$0.027	$0.053

"max_tax"

[1] The Maximum Annual Special Tax Rate per Building Square Foot will be increased by the Tax Escalation Factor in each Fiscal Year following the Base Year.

Attachment 2

Youth Services Community Facilities District

Natomas Crossing Planned Unit Development

For financing of recreation and cultural programs and library services for youth:

- Classes and camps—e.g., sports/fitness, nature/science/outdoors, art, cultural/heritage, drama/dance/performing arts, therapeutic recreation, instructional sports clinics, multi-dimensional.
- Sports leagues and programs—including a variety of different sports.
- Enrichment, educational and environmental programs.
- Swimming programs.
- Crime and gang prevention programs.
- Health and nutrition support and feeding programs.
- Licensed childcare.
- Classes and activities—e.g., arts and crafts, cooking, wellness/exercise, nature/science/outdoors, dance, music, martial arts.
- Job preparation and youth employment programs.
- Life skills development.
- Leadership training.
- Volunteer service projects and mentoring programs.
- Special events.

Services and programs may be offered after school, in the afternoon, in the evening, on weekends, during the summer, or during school break periods.

Services will be provided by the City of Sacramento Department of Parks and Recreation.

Services with be delivered in the North Natomas Community Plan Area.

Services will be provided in publicly accessible areas and in public facilities such as parks, community centers, schools, libraries, and other areas deemed appropriate for the activity by the City of Sacramento Department of Parks and Recreation.

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Exhibit C

List of Authorized Services

Natomas Crossing Youth Services
Community Facilities District No. 2013-01

For financing of recreation and cultural programs and library services for youth:

- Classes and camps – e.g., sports/fitness, nature/science/outdoors, art, cultural/heritage, drama/dance/performing arts, therapeutic recreation, instructional sports clinics, multi-dimensional
- Sports leagues and programs – including a variety of different sports
- Enrichment, educational, and environmental programs
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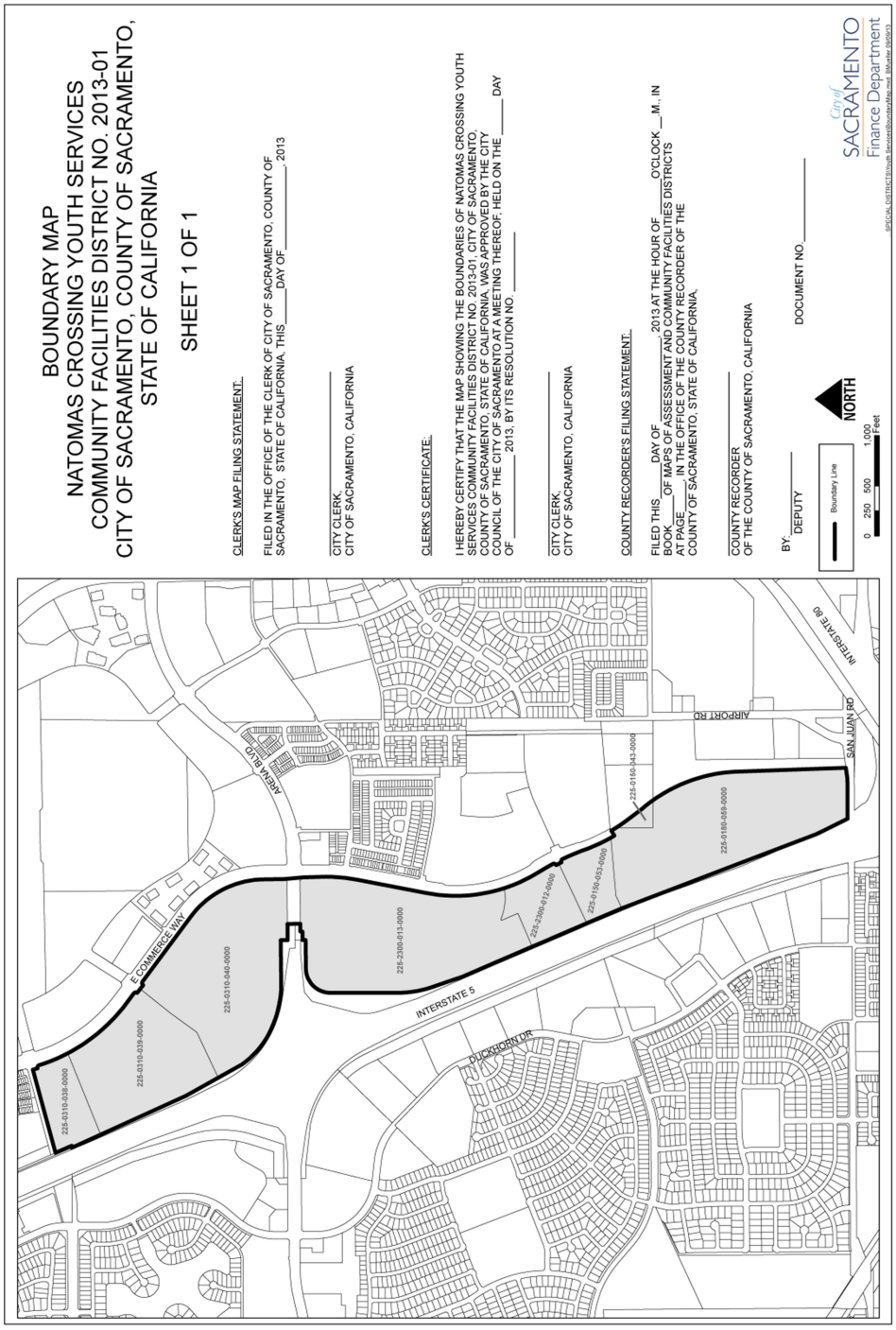
Exhibit D