

Meeting Date: 5/20/2014

Report Type: Consent

Report ID: 2014-00212

Title: Initiate Formation Proceedings for Curtis Park Village Community Facilities District (CFD) No. 2014-02 (Improvements)

Location: District 5

Recommendation: Pass 1) a Resolution approving the Agreement for Bond Counsel Services; 2) a Resolution of Intention to establish the CFD, levy a special tax, approve the boundary map, and set the public hearing date for June 24, 2014; and 3) a Resolution of Intention to incur bonded indebtedness.

Contact: Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution - Bond Counsel Agreement
- 5-Resolution of Intent
- 6-Exhibit D - Rate and Method
- 7-Resolution - Bonded Indebtedness

City Attorney Review

Approved as to Form
Michael W. Voss
5/5/2014 12:05:22 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/1/2014 2:22:50 PM

Description/Analysis

Issue: PDC Construction Company Inc. (Developer), the primary property owner of the Curtis Park Village development, has applied to the City to form a CFD to sell bonds. The bond proceeds will partially reimburse the owner for the cost of public infrastructure. Approval of the CFD will authorize the City to sell bonds and to levy the special tax to pay for the bonds and public infrastructure.

Policy Considerations: The procedures under which this district is being formed are set forth in title 5, division 2, chapter 2.5 of the Government Code, sections 53311-53368.3, entitled "The Mello-Roos Community Facilities Act of 1982.. Formation of the CFD is consistent with the City's Policies and Procedures for Use of Special Assessment and Mello-Roos Community Facilities District Financing for Infrastructure and Public Facilities, as amended, adopted August 9, 1994 by Resolution 94-491 (Mello-Roos Policy).

Environmental Considerations: Under the California Environmental Quality Act Guidelines, the formation of community facilities districts does not constitute a project and is therefore exempt from review.

Rationale for Recommendation: The actions in the recommended Resolutions are required by the Mello-Roos Community Facilities Act of 1982 in order to initiate the process to form a CFD.

Financial Considerations: The Developer will fund fees and improvements and be reimbursed at a later time if and when sufficient bond proceeds and special taxes are available. Reimbursements will be limited to fees and improvements that construct public improvements and otherwise comply with the Mello-Roos Policy. The special taxes will be used for the sole purpose of funding reimbursements and administrative expenses. Both uses may be paid by bond proceeds or directly from special taxes.

There are no obligations placed on other funds of the City.

The bond sale for this district is anticipated to occur in calendar year 2015, depending on market conditions, and will not exceed \$13 million. One bond sale is planned.

Local Business Enterprise (LBD): Not applicable.

BACKGROUND

The proposed CFD consists of approximately 54 gross developable acres with approximately 273 single-family lots. The boundaries of the CFD encompass 273 single-family homes in the Curtis Park Village project, 2.2 acres and 91 units dedicated to affordable senior housing, and 2.5 acres in a flex zone with up to 245 multifamily units. The affordable senior housing and multi-family units will be exempt from payment of the CFD special tax. The Curtis Park Village project also includes, outside of the boundaries of the CFD, 12.3 acres for retail commercial use and 4.9 acres dedicated to right-of-way easements.

The Developer proposes to construct the financed improvements in two phases with one bond sale being proposed. Construction of the financed improvements is estimated to be completed by 2016.

Purpose of the CFD

The proposed district will finance certain development fees and public improvements within the public right-of-way and adjacent public-utility easements of the major public roads intersecting, serving, and/or bordering the district boundary. The proposed district will also fund an off-site improvement to the southbound exit of state Highway 99 at Sutterville Road. A full description of the improvements, fees, and incidental expenses is shown as Exhibits B and C to the resolution of intention to form the district.

CFD Special Election Proceedings

The proposed district will be formed in compliance with the Mello-Roos Community Facilities District Act of 1982. As part of the formation proceedings, a special election on the special tax is required. In this case, where there are fewer than 12 registered voters, the vote is by landowners, with each landowner having one vote for each acre or portion of an acre he or she owns within the proposed CFD. There are two landowners within this proposed CFD. The City is prohibited from levying the tax unless at least two-thirds of the votes cast are in favor of it. A schedule for the CFD proceedings is provided on Attachment 3.

Special Tax Formula

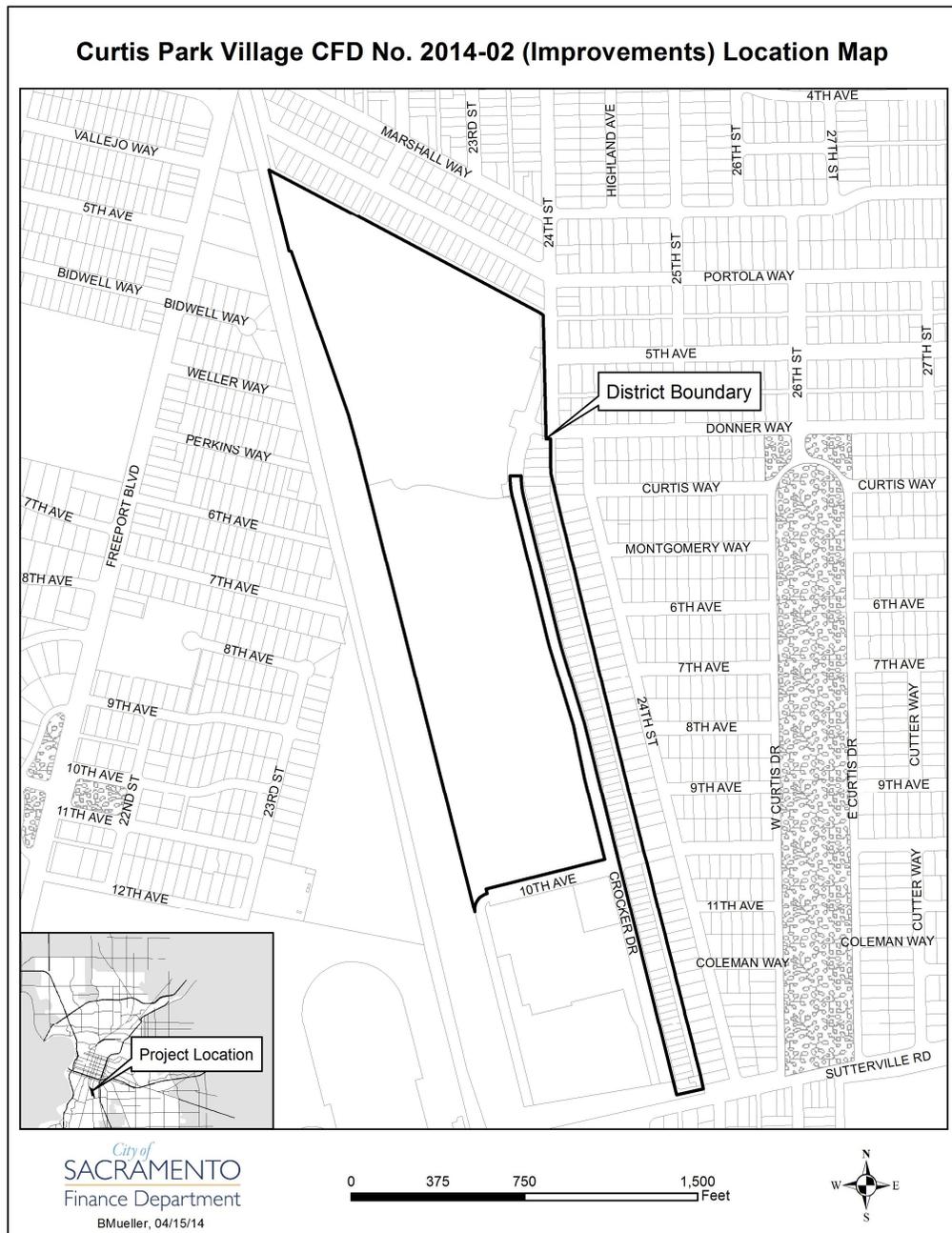
The rate and method of apportionment (RMA) of the special tax is attached as Exhibit D to the resolution of intention to establish the district. The special tax is applied to both developed and undeveloped properties. The maximum special-tax rates for developed properties are shown in Exhibit D, Attachment 1 to the Resolution of Intention. The initial maximum annual special-tax for single-family parcels in Fiscal Year (FY) 2014/15 ranges from \$2,400 to \$3,600 per residential unit, depending on floor space. The initial maximum annual special-tax for undeveloped parcels in FY 2014/15 is \$25,040 per

acre. Each of the maximum annual special taxes escalates 2 percent annually to compensate for inflation.

Tax Burden on the Land

City policy limits tax burdens to 2 percent of the sales price. The price points expected in the Curtis Park Village project result in a total tax burden, including property taxes and all other taxes and assessments, of between 1.47 and 1.56 percent.

Boundary Map



SCHEDULE OF FORMATION PROCEEDINGS

PROPOSED CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2014-02 (IMPROVEMENTS)

May 20, 2014	City Council – Initiate Proceedings <ul style="list-style-type: none">○ Adopt Resolution Approving Agreement for Bond Counsel Services○ Adopt Resolution of Intention To Form CFD and Levy Special Tax (sets hearing date and approves boundary map)○ Adopt Resolution of Intention to Incur Bonded Indebtedness
May 20-28, 2014	Mail and Publish Notice of Hearing and record Boundary Map
June 24, 2014	City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none">○ Conduct Public Hearing○ Adopt Resolutions approving various Joint Community Facilities Agreements (if needed)○ Adopt Resolution of Formation○ Adopt Resolution to Incur Debt○ Adopt Resolution Calling Special Election
June 25, 2014	Mail Special Election Ballots
July 8, 2014	Special Election Ballots Due
July 15, 2014	City Council <ul style="list-style-type: none">○ Adopt Resolution Declaring Results of Special Election○ Pass for Publication Ordinance to Levy Tax
July 16, 2014	Record Notice of “Special Tax”
July 22, 2014	City Council <ul style="list-style-type: none">○ Adopt Ordinance to Levy Special Tax

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING AGREEMENT FOR BOND COUNSEL SERVICES CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2014-02 (IMPROVEMENTS), CITY OF SACRAMENTO COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BACKGROUND

- A. The City Council of the City of Sacramento is undertaking proceedings pursuant to the Mello-Roos Community Facilities Act of 1982 to consider the formation of a community facilities district to be known and designated as “Curtis Park Village Community Facilities District (“CFD”) No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “CFD”); the authorization of a special tax within the CFD; and the authorization and issuance of bonds of the CFD.
- B. The City Council is fully advised in this matter.

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.** The City Council approves that certain Agreement for Bond Counsel Services, dated May 20, 2014, between the City and Orrick, Herrington & Sutcliffe LLP, marked Exhibit A and attached hereto and incorporated herein, for services of that firm as special bond counsel to the City in connection with the CFD. The City Attorney is authorized to sign the agreement on the City’s behalf, and the City Clerk is authorized to attest its execution.
- Section 3.** This resolution takes effect when adopted.

Exhibit A
AGREEMENT FOR BOND COUNSEL SERVICES

CITY OF SACRAMENTO
CURTIS PARK COMMUNITY FACILITIES DISTRICT NO. 2014-02

This agreement for bond-counsel services, dated as of May __, 2014, for reference, is between the CITY OF SACRAMENTO, a California municipal corporation (the “**City**”); and ORRICK, HERRINGTON & SUTCLIFFE LLP, a California limited-liability partnership (“**Orrick**”).

Background

The City desires to engage the services of Orrick in connection with the City’s authorization, issuance, sale, and delivery in 2014 or 2015 of one or more series of Mello-Roos bonds (the “**Mello-Roos Bonds**”) for the Curtis Park Community Facilities District No. 2014-02 (the “**CFD**”) for the purpose of financing the project infrastructure including sewer, water, drainage and traffic improvements, parks, open space, and reimbursement of certain development-related fees or taxes, namely construction excise tax, park development fees, utilities connection fees, and Quimby fees (collectively, the “**Project**”). The City and Orrick desire to enter into this agreement to evidence the engagement of Orrick in connection with the Mello-Roos Bonds and to specify the terms of the engagement. Orrick possesses the necessary professional capabilities and resources to provide the legal services required by the City as described in this agreement.

With these background facts in mind, the City and Orrick hereby agree as follows:

1. The City retains Orrick as special counsel to perform, and Orrick shall perform, the following legal services for the City in connection with the CFD and the Mello-Roos Bonds:
 - (a) Consultation with representatives of the City (including the City Attorney), the underwriter and their counsel, and others with respect to the timing, terms, and legal structure of the CFD and the Mello-Roos Bonds.
 - (b) Preparation of documents that are required for the formation of the CFD, including all resolutions, notices, consents, affidavits, certificates, ballots, and ordinances (the “**Formation Documents**”). The Formation Documents do not include the rate and method of apportionment of the special tax, the hearing report, any maps, any charts, any diagrams, any joint community facilities agreements, or

any acquisition agreements, which, in each case, will be prepared by representatives of the City or another party designated by the City.

- (c) Review of the rate and method of apportionment of the special tax, the hearing report, any joint community facilities agreements, and any acquisition agreements.
- (d) Preparation of documents that are required for the authorization, issuance, sale, and delivery of the Mello-Roos Bonds and are to be adopted or entered into by the City, including an authorizing resolution and an indenture or similar document (the “**Major Legal Documents**”). The Major Legal Documents do not include the official statement, purchase contract, and continuing disclosure certificate/agreement, which, except as provided in sections 1(f) and 2(b) below, will be prepared by the City’s disclosure counsel or the underwriter’s counsel.
- (e) Review of the official statement as it relates to summaries of the Major Legal Documents and the portion of the official statement concerning certain tax matters on which Orrick will render an opinion in accordance with section 1(h).
- (f) Preparation of the following for inclusion in the official statement: summaries of the Major Legal Documents and the portion of the official statement concerning certain tax matters on which Orrick will render an opinion in accordance with section 1(h).
- (g) Attendance at such meetings or hearings of the City Council and at such working-group meetings or conference calls as the City may request, and assistance to the City’s staff in preparation of such explanations or presentations to the City Council as the City may request.
- (h) Rendering of Orrick’s customary form of final approving opinion to the City on the validity of the Mello-Roos Bonds and the tax-exempt status of interest on the Mello-Roos Bonds.
- (i) Rendering of Orrick’s customary form of supplemental opinion to the underwriter on the accuracy of summaries of the Major Legal Documents contained in the official statement and of the tax portion of the final legal opinion and certain other matters.
- (j) After formation of the CFD, preparation and delivery to the City of a transcript of the legal proceedings for the formation of the CFD in loose-leaf format.
- (k) After issuance of the Mello-Roos Bonds, preparation and delivery to the City of a transcript of the legal proceedings for the issuance of the Mello-Roos Bonds in both loose-leaf and CD ROM formats.

- (l) After formation of the CFD and issuance of the Mello-Roos Bonds, telephone consultations with the City's officials and staff to answer questions about the facts and circumstances concerning the CFD or the Mello-Roos Bonds.
2. The services of Orrick under this agreement do not include the following, although Orrick may provide such services under separate agreement with the City:
 - (a) Legal services in connection with any litigation or other legal or administrative proceeding, audit, or investigation involving the CFD, the Mello-Roos Bonds, or any related matter.
 - (b) Legal services in connection with the preparation, content, or dissemination of the official statement (except as provided in section 1(f)).
 - (c) Legal services in connection with any change proceeding or annexation for the CFD.
 - (d) Legal services related to compliance with the California Environmental Quality Act.
 - (e) Legal services in connection with arbitrage-rebate compliance respecting the Mello-Roos Bonds.
 - (f) Legal services relating to state blue-sky laws or to title to, or perfection of security interests in, real or personal property.
 - (g) Financial analysis or advice.
3. Orrick and the City acknowledge that the City retains the full-time services of the City Attorney and City Attorney's Office to render day-to-day and ongoing legal services to the City. Orrick shall circulate documents to, and coordinate its services with, the City Attorney to the extent requested by the City or the City Attorney. Orrick may assume that the City Attorney or one of the attorneys in the City Attorney's Office has reviewed all documents and matters submitted to the City Council for adoption or approval, or to the City's officers for execution, before those documents and matters are adopted, approved, or executed.
4. As consideration for the services set forth in section 1, the City shall pay to Orrick the following fees and disbursements:
 - (a) The City shall compensate Orrick for legal services rendered for the formation of the CFD in the amount of \$25,000. This fee assumes: (1) that the voters in the required election for the formation of the CFD and issuance of the Mello-Roos

Bonds will be the landowners within the CFD; (2) that 100% of the landowners within the CFD sign consent and waiver forms shortening the time periods and waiving certain other requirements with respect to the election; (3) that the CFD will not contain multiple improvement areas; (4) that the formation of the CFD will be completed by September of 2014; and (5) review of any joint community facilities agreements or acquisition agreements will be done in connection with an issue of Mello-Roos Bonds rather than in connection with the formation of the CFD. If any of these assumptions proves to be incorrect, then Orrick and the City shall agree on a mutually acceptable increase in the amount of compensation specified in this section 4(a).

- (b) As payment of disbursements in connection with the formation of the CFD, the City shall (1) reimburse Orrick for any filing, publication, printing, or other third-party costs paid by Orrick on behalf of the City in connection with the formation of the CFD and (2) pay to Orrick a flat amount of \$2,500 for the cost of preparation and distribution of a transcript of the CFD formation proceedings in loose-leaf format.
 - (c) The City shall compensate Orrick for legal services rendered for the issuance of the Mello-Roos Bonds in the amount of 1% of the par amount of each issue of Mello-Roos Bonds but in each case, not less than \$65,000 per issue of Mello-Roos Bonds.
 - (d) As payment of disbursements in connection with each issue of Mello-Roos Bonds, including preparation and distribution of a transcript of the issue of Mello-Roos Bonds in loose-leaf and CD-ROM formats, the City shall pay to Orrick a flat amount of \$2,500.
 - (e) Except as provided in section 5 respecting termination of this agreement by the City, payment of legal fees and expense reimbursement for the formation of the CFD will be due and payable upon presentation of an invoice by Orrick following either completion of the formation of the CFD or the abandonment of the formation of the CFD. Except as provided in section 5 respecting termination of this agreement by the City, payment of legal fees and expense reimbursement for an issue of the Mello-Roos Bonds are contingent upon the issuance, sale, and delivery of the issue of Mello-Roos Bonds, and the amounts owed will be due and payable forthwith upon presentation of an invoice by Orrick following such issuance, sale, and delivery.
5. Either party may, at any time, terminate this agreement and all legal services to be rendered under it, with or without cause, by giving written notice to the other party. In that event, all finished and unfinished documents that Orrick has prepared for the

City's adoption, approval, or execution will, at the option of the City, become the City's property, and Orrick shall deliver them to the City or to any party the City may designate, all subject to the condition that Orrick will have no liability whatsoever for any subsequent use of such documents. If the City terminates this agreement, then the City shall pay Orrick forthwith for all satisfactory work at its standard hourly rates in effect from time to time, subject to the following: if the City terminates for cause, then any compensation is to be adjusted in the light of the facts and circumstances involved in the termination. As of the date of this agreement, the standard hourly rates for the attorneys and paralegals most likely to work on the CFD formation and Mello-Roos Bonds are Jenna Magan (\$770), Brandon Dias (\$685), Chas Cardall (\$880), John Stanley (\$685), Nina Santo (\$350), and Tricia Aguirre (\$265). If not sooner terminated, this agreement and all legal services to be rendered under it will terminate upon issuance and sale of the final issue of Mello-Roos Bonds, except that the City will remain liable for any unpaid fees and expenses due under section 4 above. Upon termination, Orrick will have no future duty of any kind to the City with respect to the CFD or the Mello-Roos Bonds, except as provided in sections 1(j), 1(k), and 1(l) above.

6. Role of Bond Counsel.

- (a) The role of bond counsel in financings, generally, is to prepare or review documents and to coordinate the procedures for authorization of the issuance, sale, and delivery of bonds and to provide an expert legal opinion with respect to the validity of the bonds and other subjects addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and the reliance thereon by the public-finance market generally, Orrick's role as bond counsel under this agreement is not the partisan role of an advocate. Instead, Orrick's role is to provide legal documents needed for the issuance, sale, and delivery of the Mello-Roos Bonds and to provide an opinion that represents an objective judgment on the matters addressed therein.
- (b) In performing its services as bond counsel in connection with the Mello-Roos Bonds, Orrick shall act as special counsel to the City with respect to issuance of the Mello-Roos Bonds. In that capacity, Orrick shall assist the City staff in representing the City, but only with respect to the sufficiency of the legal documents for the issuance, sale, and delivery of the Mello-Roos Bonds and in a manner not inconsistent with the role of bond counsel described in section 6(a) above.
- (c) Orrick's function and responsibility under this agreement, as bond counsel with respect to the issuance of the Mello-Roos Bonds, terminates upon the issuance, sale, and delivery of the final issue of Mello-Roos Bonds (unless terminated sooner as provided in section 5 above). Orrick's services as bond

counsel through issuance, sale, and delivery of the Mello-Roos Bonds are limited to those contracted for explicitly in this agreement. Any engagement of Orrick with respect to rebate compliance, disclosure, or any other matter is separate and distinct from its engagement as bond counsel through issuance of the Mello-Roos Bonds. However, unless otherwise provided, any such post-issuance engagement with respect to the Mello-Roos Bonds will continue on the same basis set forth in this section 6.

7. The City acknowledges that Orrick regularly performs legal services for many private and public entities in connection with a wide variety of matters. For example, Orrick has represented, is representing, and expects to represent in the future other public entities (such as the County of Sacramento, the Sacramento Municipal Utility District, and the State of California), bond underwriters (such as Stifel, Nicolaus & Company, Incorporated and Piper Jaffray & Co.), trustees, rating agencies, insurers, banks, credit-enhancement providers, lenders, contractors, suppliers, financial and other consultants and advisors, accountants, investment providers/brokers, providers/brokers of derivative products, and others who may have a role or interest in the Mello-Roos Bonds or who may be involved with, or adverse to, the City in this or some other matter. Orrick shall not represent any such entity (i.e., other private and public entities) in connection with the Mello-Roos Bonds without the City's express written consent. Given the special, limited role of bond counsel described in section 6 above, the City (a) acknowledges that no conflict of interest exists or would exist in connection with any matter other than the Mello-Roos Bonds; (b) waives any such conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this agreement or any such other attorney-client relationship that Orrick may have had, may have, or may enter into; and (c) consents to any and all such relationships subject to the condition that a separate conflict-waiver letter will be prepared with respect to Orrick's concurrent representation of the City and any other entity in connection with the issuance, sale, and delivery of the Mello-Roos Bonds.
8. Nothing in this agreement or in any of the documents expressly or impliedly contemplated by this agreement is intended to give, or is to be construed to give, any person or entity other than the City and Orrick any legal or equitable right or claim under, or in respect of, this agreement, and this agreement inures to the sole and exclusive benefit of the City and Orrick. Orrick may not assign its obligations under this agreement without the express written consent of the City, except to a successor partnership or corporation to which all or substantially all of the assets and operations of Orrick are transferred. The City may not assign its rights and obligations under this agreement without the express written consent of Orrick. All references to Orrick and the City in this agreement refer to their respective successors and assignees and will

bind and inure to the benefit of their successors and assignees whether so expressed or not.

9. The parties may sign this agreement in counterparts, each of which will be considered an original, but all of which will constitute the same agreement.
10. To be effective, notices pertaining to this agreement must be sent by the U.S. Postal Service, first class, postage prepaid, addressed as follows:

If to the City:

City of Sacramento
915 "I" Street
Historic City Hall, Third Floor
Sacramento, CA 95814-2704
Attention: City Treasurer

If to Orrick:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, CA 95814
Attention: Jenna Magan

and

City Attorney's Office
P.O. Box 1948
Sacramento, CA 95812-1948
Attention: City Attorney

11. This agreement is effective on the date both parties have signed it, as indicated by the dates in the signature blocks below.

(Signature Page Follows)

City of Sacramento

Orrick, Herrington & Sutcliffe LLP

By: _____

James Sanchez, City Attorney

Date: May __, 2014

By: _____

Jenna Magan, Partner

Date: May __, 2014

Approved as to Form

Sacramento City Attorney

By: _____

Senior Deputy City Attorney

RESOLUTION NO.

Adopted by the Sacramento City Council

May 20, 2014

RESOLUTION DECLARING INTENTION TO ESTABLISH CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC FACILITIES AND FEES

BACKGROUND

- A. The City Council (“**Council**”) of the City of Sacramento (“**City**”) 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 capital facilities and to finance governmental fees for public capital facilities under and pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (“**Act**”).
- B. The public facilities will assist in mitigating the impact on the public infrastructure systems occasioned by new development that is expected to occur within the boundaries of the community facilities district.
- C. The 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 Council and are now in effect.
- D. The Council is fully advised in this matter.

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 Council, and the Council hereby proposes, to establish a community facilities district under and pursuant to the terms and provisions of the Act, to be known and designated as “Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (“**CFD**”).

- Section 3.** The boundaries of the territory proposed for inclusion in the CFD are more particularly described and shown on a map entitled “Proposed Boundaries of Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California” now on file in the office of the City Clerk (“**Clerk**”), which map is hereby approved by the Council. A reduced copy of the map is marked Exhibit A and is attached hereto, and by this reference is incorporated herein and made a part of this Resolution. The Council finds that the map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code 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 County Recorder of Sacramento County in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.
- Section 4.** The 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 facilities.
- Section 5.** It is the intention of the Council to finance the acquisition and construction, pursuant to the Act, of the public facilities shown on Exhibit B attached hereto (the “**Facilities**”), which by this reference is incorporated herein and made a part of this Resolution. It is also the intention of the Council to finance the governmentally imposed development fees (the “**Fees**”) shown on Exhibit B, which are used to finance public facilities. All of the Facilities, as well as the facilities to be financed by the Fees, have an estimated useful life of five years or longer. They are public facilities that the City or other governmental agencies are authorized by law to construct, own or operate, or to which they may contribute revenue, and that are necessary to meet increased demands placed upon the City or upon the other governmental agencies as a result of development occurring and anticipated to occur within the CFD.
- Section 6.** The cost of financing the Fees and the acquisition and construction of the Facilities includes incidental expenses for the Facilities comprising the costs of planning and designing the Facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the CFD, the issuance of bonds, the determination of the amount of any special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the CFD, together with any other expenses incidental to the payment of the Fees and the acquisition and construction of the Facilities. A representative list of incidental expenses proposed to be incurred are set forth on Exhibit C attached hereto, which by this reference is incorporated herein and made a part of this Resolution.

- Section 7.** It is the intention of the Council that, except where funds are otherwise available, a special tax shall be annually levied within the CFD sufficient to finance the Fees and the acquisition and construction of the Facilities, including but not limited to the payment of interest on and principal of bonds to be issued to finance the Fees and the acquisition and construction of the Facilities; the making of lease payments for Facilities (whether in conjunction with the issuance of certificates of participation or not); the repayment of funds advanced by the City for the CFD and including the repayment under any agreement (which shall 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 pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the CFD, and this lien shall 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 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 Council reserves the right to utilize 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 hereto, which by this reference is incorporated herein and made a part of this Resolution. Exhibit D provides sufficient detail to allow each landowner or resident within the CFD to estimate the maximum amount that such person will have to pay, and specifies the conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied. As required by the Act: (1) the maximum authorized special tax for financing the Fees and the acquisition and construction of the Facilities that may be levied against any parcel of land used for private residential purposes (which use commences no later than the date on which an occupancy permit for private residential use is issued) is specified as a dollar amount which shall 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 shall not increase by more than two percent per year; (2) the special tax shall not be levied against such property after Fiscal Year 2054/55; and (3) under no

circumstances shall the special tax levied on such property in any fiscal year be increased on such property, as a consequence of delinquency or default by the owner of any other parcel or parcels of land 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 Council, pursuant to Section 53340.1 of the Government Code of the State of California, 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 Council, pursuant to Section 53325.7 of the Government Code of the State of California, to establish the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Fiscal Year 2014/15, for the CFD in the amount of \$13 million.
- Section 13.** Notice is given that Tuesday, the 24th day of June, 2014, at the hour of 6 p.m., in the Council Chambers at the Sacramento City Hall, New City Hall, at 915 I Street, Sacramento, California, has been fixed by the Council as the time and place for a public hearing to be held by the 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. 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 testimony of all interested persons or taxpayers for or against the establishment of the CFD and the levy of the special tax, the extent of the CFD, the payment of any of the Fees, the acquisition or construction of any of the Facilities, the establishment of the appropriations limit, or on any other matters set forth herein, will be heard and considered.
- 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 shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. The 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.** Written protests 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, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the proposed Fees or Facilities or the special tax of the CFD or the other proposals contained in this Resolution, only those elements need be excluded from the proceedings.
- Section 16.** The public hearing may be continued from time to time, but shall be completed within thirty days, except that if the Council finds that the complexity of the CFD or the need for public participation requires additional time, the public hearing may be continued from time to time for a period not to exceed six months.
- Section 17.** The Council may at the public hearing modify this resolution by eliminating any of the Fees or Facilities, 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 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 of land in the CFD, the 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 of land in the CFD, and the Council shall receive and consider such report before approving any such modifications or any resolution forming the CFD which includes such modifications.
- Section 18.** At the conclusion of the public hearing, the Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the CFD. If the Council determines at the conclusion of the public hearing to proceed with the establishment of the CFD, it expects that the proposed voting procedure will be by landowners voting in accordance with the Act, as the Council is informed that during the 90 days prior to the date set for the hearing, there have been times when there were fewer than 12 registered voters residing within the CFD. The Council will require this information to be confirmed before ordering the election.
- Section 19.** The Manager of the Public Improvement Finance Division of the City Finance Department ("**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 Council a report which shall contain a brief description of the facilities by type which, in his opinion, will be required to adequately meet the needs of the new development expected to occur within the CFD, together with estimates of the cost of financing the Fees and the

acquisition and construction of the Facilities, and an estimate of the incidental expenses related thereto. The report shall, upon its presentation, be submitted to the Council for review, shall be available for inspection by the public, and shall 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 Council, the public interest will not be served by allowing the property owners in the CFD to enter into a contract pursuant to Section 53329.5(a) of the Government Code of the State of California to do the work to be financed under the Act.

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

Section 22. Notice of the time and place of the public hearing shall be given by the Clerk in the following manner:

- (a) A Notice of Public Hearing in the form required by the Act shall be published once in the *DAILY RECORDER*, a newspaper of general circulation published in the area of the CFD, pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven days prior to the date set for such public hearing; and
- (b) A Notice of Public Hearing in the form required by the Act shall be mailed, first class postage prepaid, to each owner of land, and to each registered voter residing, within the boundaries of 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). The mailing shall be completed at least 15 days prior to the date set for the public hearing.

Section 23. This resolution takes effect when adopted.

EXHIBIT A

CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BOUNDARY MAP

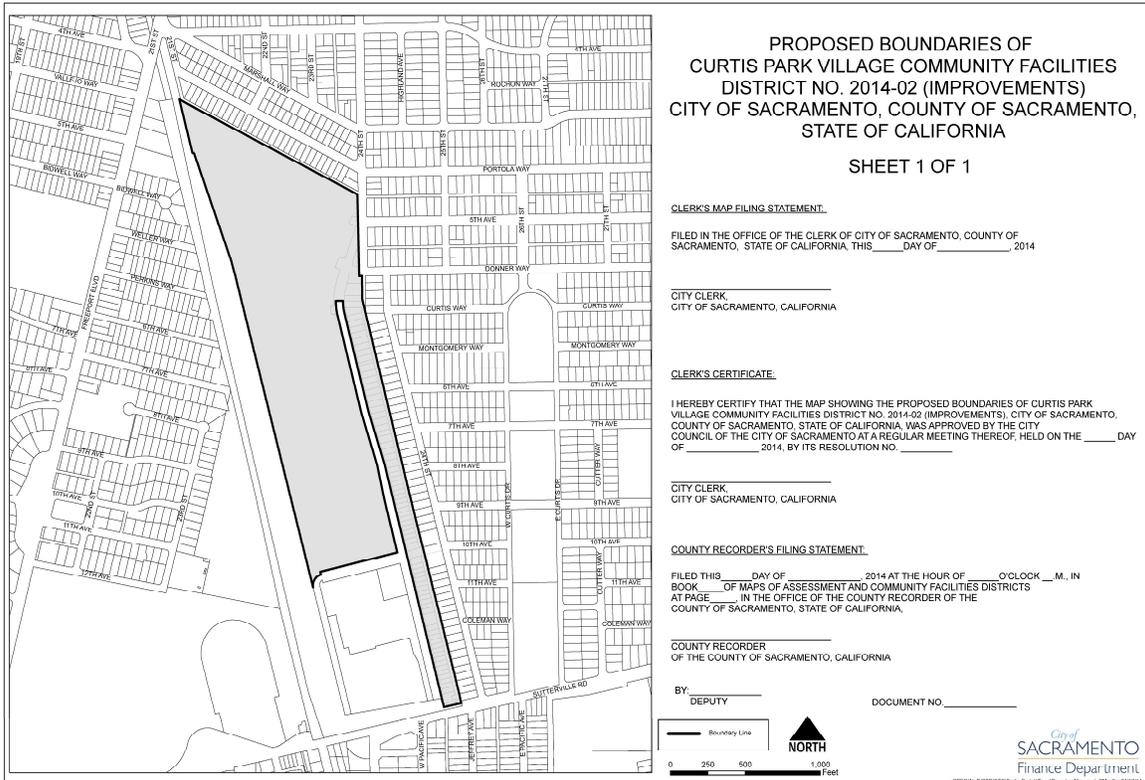


EXHIBIT B

CURTIS PARK VILLAGE COMMUNITY FACILITIES
DISTRICT NO. 2014-02 (IMPROVEMENTS),
CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO,
STATE OF CALIFORNIA

LIST OF AUTHORIZED FACILITIES AND FEES

EXHIBIT C

**Curtis Park Village
Community Facilities District
Eligible Facilities List**

SUMMARY

The **Eligible Facilities List** identifies the infrastructure, land and fee categories eligible for financing with CFD special taxes and bond proceeds. The cost amount and fee amount calculated below are estimates only and do not limit the eligibility amount for the respective infrastructure or fee category. Actual amounts are anticipated to differ from these estimates.

INFRASTRUCTURE

Phase 1	*		
Phase 2 - Intract roadways	1,905,691	Eligibility subject to policy amendments.	
Phase 2 - Pump Station	1,200,000		
Phase 2 - Masonry Sound wall	672,000		
Phase 2 - Land Dedication	3,050,000		
Contingency (5.0%)	<u>188,885</u>		
Phase 2 - Total	7,016,576		
Phase 3 - Intract roadways	1,999,955	Eligibility subject to policy amendments.	
Phase 3 - Masonry Sound wall	504,000		
Contingency (5.0%)	<u>125,198</u>		
Phase 2 - Total	2,629,153		
Other Off Site Infrastructure			
Fair Share Offsite Mitigation Fees	750,000		
24th/Donner Signal			
2nd Avenue/24th Signal			
Freeport/Sutterville Signal			
Franklin Blvd/Sutterville Signal			
Southbound 99/Sutterville Ramp	1,000,000		
Dry Utilities (up to 5% of bond amount)	393,000		
Total - Infrastructure & Land	<u>11,788,728</u>	% of total	73%

* Per developer, Phase 1 infrastructure will be funded with Prop 1C funds.

FEES

Construction Excise Tax	635,449		
Park Development Impact Fee	1,510,782	* see notes.	
Water Service Tap Fee	350,532		
Water Development Fee	731,231		
Water Meter Fee	124,761		
Quimby Fee	1,105,650	** see notes.	
Total - Fees	<u>4,458,405</u>	% of total	27%
Total - Infrastructure, Land and Fees	<u>16,247,133</u>		

* Park Development Impact Fee: Park fee credits have not been deducted.

** Quimby Fee: Park dedication/in lieu fees due prior to first final map. Quimby fee per lot provided by Developer. Park land dedication mitigation and applicable credits have not been deducted. Fee calculation assumes fee payment only. After credits, remaining park Quimby fee may be reduced.

EXHIBIT C

**Curtis Park Village
Community Facilities District
Eligible Facilities List**

Facility Description

PHASE 2 IMPROVEMENTS

Phase 2 Improvements include the following roadways segments, associated grading and utilities.

- 5th Avenue,
- A Street,
- Baldwin Street,
- Donner Way,
- Bedford Falls Way,
- Huntington Way

Phase 2 costs associated with the above facilities:	1,905,691	50%
Phase 2 costs Pump Station:	1,200,000	32%
Phase 2 costs Masonry Sound wall:	672,000	18%
	3,777,691	100%

Facilities Detailed Cost Breakdown

	<u>Amount</u>	
Demolition & Grading		
Demolition	2,523	
Grading	55,800	
Subtotal - Demolition & Grading	58,323	
Land Dedications		
Detention Basin/ Park / Open Space / Pump Station	3,050,000	(approx. 6.1 acres)
Street Improvements		
Pavement	303,188	
Street & Sidewalk (i)	339,525	
Masonry Sound Wall	672,000	
Street Lights	261,000	
Subtotal - Street Improvements	1,575,713	
Drainage		
Piping - 12" to 60" PVC	368,599	
Pump Station	1,200,000	
Subtotal - Drainage	1,568,599	
Water		
8" PVC, Gate Valve, Connection	101,200	
12" DIP, Gate Valve, Connection	22,650	
Fire Hydrant	82,500	
Water Service & Irrigation	99,975	
Subtotal - Water	306,325	
Sewer		
8' VCP	93,682	
48" SSMH & SSHS	170,400	
System Connections	4,650	
Subtotal - Sewer	268,732	
<hr/>		
Sub-total Phase 2	3,777,691	
Plus Land	3,050,000	
Plus Contingency (5.0%)	188,885	
Total Phase 2	7,016,576	

Footnotes:

Excludes private facilities, improvements not anticipated to be owned, operated, or maintained by a public agency, and improvements with an estimated life of less than five years. Removed closure barricade (\$2,275) and erosion control (\$30,000).

(i) includes HC ramp, curb & gutter, sidewalk, pavement and lights, excludes closure barricade.

EXHIBIT C
Curtis Park Village
Community Facilities District
Eligible Facilities List

Facility Description

PHASE 3 IMPROVEMENTS

Phase 3 Improvements include the following roadways segments, associated grading and utilities.

B Street,		
C Street,		
D Street,		
Phase 3 costs associated with the above facilities:	1,999,955	80%
Phase 3 costs Masonry Sound wall:	504,000	20%
	2,503,955	100%

<u>Facilities Detailed Cost Breakdown</u>	<u>Amount</u>
Demolition & Grading	
Grading	73,800
Subtotal - Demolition & Grading	73,800
Street Improvements	
Pavement	176,550
Street & Sidewalk (i)	489,060
Masonry Sound Wall	504,000
Street Lights	331,500
Subtotal - Street Improvements	1,501,110
Drainage	
Piping - 12" to 48" PVC	115,890
Manhole - 48"	54,600
Type "B" D.I.	55,200
Subtotal - Drainage	225,690
Water	
8" PVC, Gate Valve, Connection	193,500
Fire Hydrant	49,500
Water Service & Irrigation	132,225
Subtotal - Water	375,225
Sewer	
8' VCP	109,430
48" SSMH & 4" SSHS	216,750
Connection	1,950
Subtotal - Sewer	328,130
<hr/>	
Sub-total Phase 3	2,503,955
Plus Contingency (5.0%)	125,198
Total Phase 3	2,629,153

Footnotes:

Excludes private facilities, improvements not anticipated to be owned, operated, or maintained by a public agency, and improvements with an estimated life of less than five years. Removed closure barricade (\$2,800) and erosion control (\$28,950).

(i) includes HC ramp, curb & gutter, sidewalk, pavement and lights, excludes closure barricade.

EXHIBIT C

**Curtis Park Village
Community Facilities District
Eligible Facilities List**

Fee Description

<u>Development Impact Fees</u>				
	Fee Amount/Unit	Number of Units	Total Fee	
Construction Excise Tax (CET) (i)	\$ 2,327.65	273	\$	635,449
Subtotal - CET			\$	635,449
Park Development Impact Fee (ii)	\$ 5,534.00	273	\$	1,510,782
Subtotal - Park Development Impact Fee			\$	1,510,782
Water Service Tap Fee (iii)	\$ 1,284.00	273	\$	350,532
Subtotal - Water Service Tap Fee			\$	350,532
Water Development Fee (iv)	\$ 2,678.50	273	\$	731,231
Subtotal - Water Development Fee			\$	731,231
Water Meter Fee (v)	\$ 457.00	273	\$	124,761
Subtotal - Water Meter Fee			\$	124,761
Quimby Fee (vi)	\$ 4,050.00	273	\$	1,105,650
Subtotal - Quimby Fee			\$	1,105,650
Total			\$	4,458,405

Footnotes:

- (i) assessed on all new building construction and additions. Calculated as .008 x of the 2002 ICBO Valuation. Based on a single family residential unit with 2,423 sq ft (average home size) living area, 400 sq ft garage and storage, and 200 sq ft patio covers.
- (ii) assessed upon landowners developing property for any residential or nonresidential use. A standard development is assessed \$5,534 per single family unit for FY 13/14.
- (iii) contractor excavates and exposes the water main for the City to install a service tap.
- (iv) assessed on all projects that require a new water tap or increase in size of an existing gap. Based on a 1" new water meter.
- (v) meter installation charges. Based on a 1" meter size.
- (vi) park dedication/in lieu fees due prior to first final map. Quimby fee per lot provided by Developer. Park land dedication mitigation and applicable credits have not been deducted. After credits, remaining park Quimby fee may be reduced.

EXHIBIT C

**CURTIS PARK VILLAGE COMMUNITY FACILITIES
DISTRICT NO. 2014-02 (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

CURTIS PARK VILLAGE COMMUNITY FACILITIES
DISTRICT NO. 2014-02 (IMPROVEMENTS),
CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO,
STATE OF CALIFORNIA

**RATE AND METHOD OF APPORTIONMENT
AND MANNER OF COLLECTION OF THE SPECIAL TAX**

Attached as a separate document

EXHIBIT D

City of Sacramento
Curtis Park Village Community Facilities District No. 2014-02
(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 Curtis Park Village Community Facilities District No. 2014-02 (Improvements) (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

“**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 designee thereof or both).
- b. Costs of collecting, auditing, and accounting for the Special Taxes (whether by the County, the City, or otherwise).
- c. Costs of remitting the Special Taxes to the Trustee.
- d. Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture.
- e. Costs to the City, CFD, or any designee thereof of complying with arbitrage rebate requirements.

- f. Costs to the City, CFD, or any designee thereof of complying with City, CFD, or obligated persons disclosure requirements.
- g. Costs associated with preparing Special Taxes disclosure statements.
- h. Costs incurred in responding to public inquiries regarding the Special Taxes.
- i. Costs to the City, CFD, or designee thereof related to any appeal of the Special Taxes.
- j. Costs associated with the release of funds from an escrow account, if any.
- k. Costs to the City for the issuance of Bonds authorized by the CFD that are not recovered through the Bond sale proceeds.
- l. Amounts estimated to be advanced or advanced by the City for any other administrative purposes, including 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.

"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 these:

- a. Debt Service that is due in the calendar year that begins in such Fiscal Year.
- b. The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture, to the extent not included in a computation of Annual Costs in a previous Fiscal Year.
- c. Administrative Expenses for such 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.
- f. *Less* any Capitalized Interest.
- g. *Less* any available earnings on or surplus balances in the Reserve Fund or the Special Tax fund, or any other available revenues of the CFD or the City that may be used to fund Annual Costs.

"Anticipated Construction Proceeds" means that amount that is anticipated to be available through the CFD for acquiring or constructing Authorized Facilities. Anticipated Construction Proceeds is equal to \$10.5 million at formation of the CFD. Anticipated Construction Proceeds amount is increased by ENR-CCI by the average increase in the index 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.

"Assigned Special Tax" means the amount of Special Tax shown in **Attachment 1** for the Base Year, as increased by the Tax Escalation Factor following the Base Year, for each Tax Category, as determined in accordance with **Section 4.b** below. For Single-Family Parcels, the Assigned Special Tax will be assigned at the initial Building Permit.

"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, 2014, and ending June 30, 2015.

"Benefit Share" means the Assigned Special Tax for a Parcel divided by the Maximum CFD Special Tax Revenue for all Taxable Parcels.

"Bond(s)" means bond(s) issued or other indebtedness incurred by the City for the CFD under the Act.

"Bond Indenture" means any indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any Bonds are issued.

"Bond Share" means the share of Outstanding Bonds assigned to a Parcel as specified in **Section 7** 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.

"Building Square Foot(age)" has the same meaning as that defined for the School Mitigation Fee by California Government Code Section 65995 for "Assessable Space," which is "all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area" as determined upon issuance of the initial Building Permit.

"Capitalized Interest" means funds in any capitalized interest fund available to pay debt service on Bonds.

"CFD" means the Curtis Park Village Community Facilities District No. 2014-02 (Improvements) of the City of Sacramento, Sacramento, California.

"City" means the City of Sacramento in 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 the total amount of bond principal, interest, and scheduled sinking fund payments of the Outstanding Bonds.

“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 single-family detached unit or an individual residential unit within a condominium structure.

“ENR-CCI” means the Engineering News Record – Construction Cost Index increase for the 20-City National Average 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 Single-Family Parcels.

“Fiscal Year” means the 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 7**.

“Mandatory Partial Prepayment” means the partial fulfillment of a Parcel’s Special Tax obligation, as determined by following the procedures in **Section 7**.

“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**, as increased by the Tax Escalation Factor following the Base Year. The Maximum Annual Special Tax will be assigned at final inspection of the initial Building Permit for Developed Parcels.

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

“Multi-Family For-Rent Parcel” means a Parcel designated for apartment uses which are intended to be rental units and not individually owned. Multi-Family For-Rent Parcels are Tax-Exempt Parcels. If apartment units within such Parcels are turned into Residential Condominiums they shall no longer be considered Tax-Exempt Parcels.

“Multi-Unit Structure” means an individual residential unit in a duplex, halfplex, triplex, or fourplex. Multi-Unit Structure excludes Residential Condominium.

“Other Land Use Parcel” means a Developed Parcel with a land use that is not a Single-Family 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 taxable as an Other Land Use Parcel. An Other Land Use Parcel also includes a Developed Parcel with a Multi-Unit Structure.

"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 construction, improvement, or payment of 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 7**.

"Public Parcel" means any Parcel that is or is intended to be publicly owned, as designated in any final map 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 Pay-As-You-Go expenditures funded 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 Bond Indenture.

"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 Condominium" means an attached single-family Residential Use for ownership in a condominium structure.

"Residential Use" means residential use, such as single-family residential units or Residential Condominiums.

"RMA" means the Rate and Method of Apportionment of the Special Tax.

"Senior Housing Parcel" means a Parcel or Parcels in the CFD that are designated for senior or age-restricted uses. Such Parcels are Tax-Exempt Parcels.

"Single-Family Parcel" means, in any Fiscal Year, all Parcels in the CFD for which a Building Permit was issued or may be issued for construction of a Dwelling Unit designated for Residential Use.

"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 land use designations and the Residential Use ranges by Building Square Footage, as shown in **Attachment 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 Assigned Special Tax and 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, (b) Parcels owned by the City, school districts, special districts, or the state or federal government, (c) Senior Housing Parcels, and (d) Multifamily For-Rent Parcels. A Taxable Parcel that is acquired by a public agency shall remain a Taxable Parcel as per the provisions of **Section 4.e**.

"Total Assigned Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a Parcel or a group of Parcels (such as Developed Parcels) by levying the Assigned Special Tax in any given Fiscal Year.

"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 Bond Indenture.

"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 2054-55.

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 of the Administrator are discussed below:

- a. Annual Special Tax Escalation. The Administrator shall increase the Assigned Special Tax and the Maximum Annual Special Tax by the Tax Escalation Factor in each Fiscal Year following the Base Year.
- b. Assignment of the Special Tax to Single-Family Parcels. As Building Permits are issued to Taxable Parcels, use the following steps to assign the Assigned Special Tax and Maximum Annual Special Tax to a Developed Parcel for Residential Uses:
 1. Identify the Building Square Footage in the Building Permit issued for such a Parcel.
 2. Identify the Tax Category in **Attachment 1** that corresponds to the Building Square Footage in the Building Permit issued for such Parcel.
 3. Assign the Assigned Special Tax and Maximum Annual Special Tax for the appropriate Tax Category to the Developed Parcel, as shown in **Attachment 1**.
- c. Assignment of the Assigned Special Tax to Final Map Parcels, Other Land Use Parcels, and Undeveloped Parcels. As Taxable Parcels are Subdivided use the following procedures to assign the Assigned Special Tax to such Parcels:
 1. Identify the Acreage for the Final Map Parcel, Other Land Use Parcel, or Undeveloped Parcel.
 2. Identify the Assigned Special Tax per Acre for the Tax Category shown in **Attachment 1**.
 3. Multiply the Assigned Special Tax per Acre times the Acreage to determine the Assigned Special Tax for such a Taxable Parcel.
- d. Assignment of the Assigned Special Tax to Final Map Parcels, Other Land Use Parcels, and Undeveloped Parcels AFTER the Final Bond Sale. After the Final Bond Sale, as Taxable Parcels are Subdivided, if the Assigned Special Tax from the proposed Taxable Parcels (from proposed Subdivision) together when summed with the Maximum Annual Special Tax Revenue from all Developed Parcels is not sufficient to provide a minimum of 110-percent Special Tax revenue coverage of Debt Service, then a Mandatory Partial Prepayment shall be required for each of the Subdivided Parcels as calculated as provided in **Section 7.c**. After Mandatory Partial Prepayment is complete, assign the Assigned Special Tax to each Subdivided Parcel using **Steps 4.c.1** through **4.c.3** above.
- 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 Single-Family Parcel or an Other Land Use Parcel, it shall become subject to the Special Tax. The Assigned Special Tax and Maximum Annual Special Tax for the newly assigned Tax Category for such a Parcel shall be determined using the provisions of **Section 4.b** or **Section 4.c**.
- 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 Assigned Special Tax and 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. If a Taxable Parcel is converted to uses that meet the definitions of Senior Housing Parcel or Multi-Family For-Rent Parcel after being classified as a Developed Parcel, such Parcel shall remain a Taxable Parcel.

5. Annual Assignment of the Assigned Special Tax and Maximum Annual Special Tax

- a. Classification of Parcels. By July 31 of each Fiscal Year, using the Definitions in **Section 2**, the Parcel records of the Assessor's Secured Tax Roll as of July 1, 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 Single-Family Parcel or Other Land Use Parcel.
- b. Assignment of the Assigned Special Tax and Maximum Annual Special Tax to Taxable Parcels. The Assigned Special Tax and Maximum Annual Special Tax will be assigned to each Taxable Parcel each Fiscal Year using the procedures (not all steps may be applicable for each such Parcel) in **Section 4**.

6. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs. 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. Compute 100 percent of the Total Assigned Special Tax Revenue for all Developed Parcels.
- c. If the amount from **Step 6.b** is greater than the Annual Costs in **Step 6.a** and the Special Tax levy will occur **BEFORE** the Final Bond Sale and **BEFORE** funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, levy the 100 percent of the Assigned Special Tax on all Developed Parcels.
- d. If the amount from **Step 6.b** is greater than the Annual Costs in **Step 6.a** and the Special Tax levy will occur **AFTER** the Final Bond Sale and **AFTER** funding of Authorized Facilities up to 100 percent of the Anticipated Construction Proceeds, decrease proportionately the Assigned Special Tax levy for each Developed Parcel until the Special Tax revenue from the levy of the Assigned Special Tax on all Developed Parcels equals Annual Costs calculated in **Step 6.a**.

- e. If the amount from **Step 6.b** is less than Annual Costs in **Step 6.a**, increase proportionately the Assigned Special Tax levy for each Final Map Parcel up to 100 percent of the Assigned Special Tax for each Final Map Parcel until the sum of the amount computed in **Section 6.b** for all Developed Parcels plus the levy of the Assigned Special Tax on Final Map Parcels equals Annual Costs.
- f. If the amounts from **Steps 6.b** for all Developed Parcels and **6.e** for all Final Map Parcels together are less than Annual Costs in **Step 6.a**, increase proportionately the Assigned Special Tax levy for each Undeveloped Parcel up to 100 percent of the Assigned Special Tax for each Undeveloped Parcel until the sum of the amounts computed in **Steps 6.b, 6.e** plus the levy of Assigned Special Tax on Undeveloped Parcels equals Annual Costs.
- g. If the amounts from **Steps 6.b** for all Developed Parcels, **6.e** for all Final Map Parcels, and **6.f** for all Undeveloped Parcels together are less than Annual Costs in **Step 6.a**, increase proportionately the Special Tax levy for each Developed Parcel the amount of the difference, if any, between the Assigned Special Tax for each Developed Parcel and the Maximum Annual Special Tax for each Developed Parcel up to 100 percent until the sum of the amounts computed in **Steps 6.b, 6.e, and 6.f**, and this **Step 6.g** equals Annual Costs.
- h. Levy on each Taxable Parcel the amount calculated above.
- i. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, 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.

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 determining which Parcels are subject to the Special Tax and their Special Tax assignments.

7. Prepayment of the Special Tax Obligation

A property owner may permanently satisfy the Maximum Annual Special Tax for a Taxable Parcel by a Full 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 30 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.

Prepayment is permitted only under the following conditions:

- Full Prepayment is only allowed for Developed Parcels.
- Mandatory Partial Prepayments are only permitted after the Final Bond Sale and will be required as described in **Section 4.d**.
- The City determines that the Prepayment of the Special Tax does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.

- The property owner prepaying the Special Tax on a Parcel has paid any delinquent Special Tax and penalties on that Parcel before Prepayment.

When permitted, the Administrator shall calculate prepayments using the following steps:

- a. The Full Prepayment amount before the issuance of CFD Bonds shall be calculated using following procedures (See **Table 1** for a sample Full Prepayment):
 1. Determine the Assigned 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 7.a.1** by the Total Assigned Special Tax Revenue to determine the Benefit Share for the Prepayment Parcel.
 3. Multiply the Remaining Facilities Costs, as increased by ENR-CCI from the Base Year, times the Benefit Share to determine the Prepayment amount.
 4. Add to the amount determined in **Step 7.a.3** any costs to the City associated with the preparation of the Prepayment calculation.
- b. The Full Prepayment amount after the issuance of CFD Bonds shall be calculated using the following procedures (See **Table 2** for a sample Full Prepayment):
 1. Determine the Assigned 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 7.b.1** by the Total Assigned 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 Prepayment Parcel.
 4. Multiply the Benefit Share by the Remaining Facilities Costs to determine the Remaining Facilities Cost Share for the Prepayment Parcel.
 5. Sum the Bond Share and Remaining Facilities Cost Share from **Steps 7.b.3** and **7.b.4**.
 6. Determine the total amount of Bonds to be called by rounding the amount summed in **Step 7.b.5** down to the nearest \$5,000.
 7. Multiply the amount calculated in **Step 7.b.6** by the call premium for the next available call date.
 8. Determine the Reserve Fund Share for the Prepayment Parcel by multiplying the Reserve Fund Requirement times the Benefit Share.
 9. Reduce the amount calculated in **Step 7.b.5** by the amount of the Reserve Fund Share in **Step 7.b.6**, provided the Reserve Fund equals the Reserve Fund Requirement after reduction.
 10. Determine the Full Prepayment amount by adding to the amount calculated in **Step 7.b.7** any fees, call premiums, and interest to the next Bond call date not covered by Special Taxes already levied, and expenses incurred by the CFD in connection with the

Prepayment calculation or the application of the proceeds of the Prepayment to the call of Outstanding Bonds. If the Special Taxes have already been levied, but not collected, the Parcel shall not become a Prepayment Parcel until the owner of the Parcel has paid the Special Taxes included on the current property tax bill in addition to the Prepayment amount.

- c. Mandatory Partial Prepayments, when required AFTER the Final Bond Sale, will be calculated as described below. A Mandatory Partial Prepayment may be required subject to the Special Tax revenue test described in **Section 4.d**. The amount of Mandatory Partial Prepayment equals the amount necessary so that the Special Tax that can be levied on a Parcel after a Mandatory Partial Prepayment is made is equal to the Assigned Special Tax or Maximum Annual Special Tax that could have been levied before the Prepayment. When required, the Mandatory Partial Prepayment for each Parcel will be calculated as follows (See **Table 3** for a sample Mandatory Partial Prepayment):
1. Calculate the revenue generated by all Taxable Parcels using 100-percent of the Assigned Special Tax in any Fiscal Year, including the Assigned Special Tax for Final Map Parcels included in the Subdivision.
 2. Determine the 100-percent level of the Assigned Special Tax revenue in any Fiscal Year provided by the Final Subdivision Map, assuming that all Final Map Parcels have a Building Permit for a Single-Family Parcel of less than 2,601 Building Square Footage.
 3. Determine the Total Assigned Special Tax Revenue shortfall by taking the Total Assigned Special Tax Revenue for all Taxable Parcels less the amounts calculated in **Step 7.c.1** and **Step 7.c.2**.
 4. Divide the Maximum Annual Special Tax shortfall by the Total Assigned Special Tax Revenue to determine the Benefit Share.
 5. Multiply the total Outstanding Bonds by the Benefit Share to determine the Mandatory Partial Prepayment for the Parcel.
 6. Determine the total amount of Bonds to be called by rounding the Mandatory Partial Prepayment down to the nearest \$5,000.
 7. Determine the Reserve Fund Share for the Prepayment Parcel by multiplying the Reserve Fund Requirement times the Benefit Share
 8. Reduce the amount calculated in **Step 7.c.6** by the amount of the Reserve Fund Share in **Step 7.c.7**, provided the Reserve Fund equals or exceeds the Reserve Fund Requirement after reduction.
 9. Add to the amount in **Step 7.c.8** any fees, call premiums, and interest to the next Bond call date not covered by Special Taxes already levied, and expenses incurred by the CFD in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Outstanding Bonds as described in **Step 7.c.8** above.

8. 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 in any case, 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.

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.

Attachment 1				
Curtis Park Village CFD No. 2014-02 (Improvements)				
Assigned Special Tax and Maximum Annual Special Tax in the Base Year [1]				
Tax Category	No. of Units	Assigned Special Tax [1]	Maximum Assigned Special Tax Revenue	Maximum Annual Special Tax [1]
Developed Parcels		<i>per Unit</i>		<i>per Unit</i>
Single-Family Parcels				
Building Square Footage Range				
Greater than 3,100	23	\$3,600	\$82,800	\$3,600
2,601 to 3,100	70	\$3,200	\$224,000	\$3,200
Less than 2,601	106	\$2,400	\$254,400	\$2,820
Lot No. 2 through 75 [2]	74	\$2,400	\$177,600	\$2,400
Developed Parcel Subtotals	273		\$738,800	
		<i>per Acre</i>		<i>per Acre</i>
Other Land Use Parcels		\$25,040		\$25,040
		<i>per Acre</i>		<i>per Acre</i>
Final Map Parcels		\$25,040		\$25,040
		<i>per Unit</i>		<i>per Unit</i>
Lot No. 2 through 75 Final Map Parcels [2]		\$2,400		\$2,400
		<i>per Acre</i>		<i>per Acre</i>
Undeveloped Parcels		\$25,040		\$25,040
				<i>"att_1"</i>
[1] The Assigned Special Tax and Maximum Annual Special Taxes increase by the Tax Escalation Factor in each Fiscal Year following the Base Year.				
[2] These are lot numbers in the initial Final Subdivision Map of the CFD that have been acquired by BlackPine. Final Map of Curtis Park Village 2B & 3, Phase 1, recorded February 18, 2014 in Book 380 of Maps at Page 10.				

Table 1			
Curtis Park Village CFD No. 2014-02 (Improvements)			
Full Prepayment Calculation Before Bond Issuance			
Item	RMA Reference	Formula	Amount
Assigned Special Tax	7.a.1	a	3,600.00
Total Assigned Special Tax	7.a.2	b	738,800.00
Benefit Share for the Prepayment Parcel	7.a.2	$c = a / b$	0.487%
Base Year Anticipated Construction Proceeds	Definition	d	10500000.00
Construction Proceeds Levied Pay-As-You Go	Definition	e	200000.00
Remaining Facilities Costs	Definition	$f = d - e$	10300000.00
Base Year ENR-CCI	Definition	g	9000.00
ENR-CCI in Example Fiscal year	n/a	h	9500.00
ENR-CCI Adjustment Factor	n/a	$i = g / h$	105.6%
Adjusted Remaining Facilities Cost	n/a	$j = f * i$	10,872,222.22
Total Facility Cost Share for Prepayment Parcel	7.a.3	$k = c * j$	52,977.80
City Costs	7.a.4	j	500.00
Total Prepayment	n/a	$l = i + j + k$	53,477.80

Table 2			
Curtis Park Village CFD No. 2014-02 (Improvements)			
Full Prepayment Calculation After Bond Issuance (with Pay-As-You-Go Basis)			
Item	RMA Reference	Formula	Amount
Assigned Special Tax	7.b.1	a	3,600.00
Total Assigned Special Tax	7.b.2	b	738,800.00
Benefit Share for the Prepayment Parcel	7.b.2	$c = a / b$	0.487%
Base Year Anticipated Construction Proceeds	Definition	d	10,500,000.00
Total Bonds Issued	n/a	e	6,000,000.00
Construction Proceeds Levied Pay-As-You Go [1]	Definition	f	200,000.00
Bond Principal Paid	n/a	g	450,000.00
Total Bonds Outstanding ^{1,2}	n/a	$h = e - g$	5,550,000.00
Outstanding Bond Share for Prepayment Parcel	7.b.3	$i = c * h$	27,043.85
Remaining Facility Costs	Definition	$j = d - e - f$	4,300,000.00
Base Year ENR-CCI	Definition	k	9000
ENR-CCI in Example Fiscal year	n/a	l	9500
ENR-CCI Adjustment Factor	n/a	$m = k / l$	105.6%
Adjusted Anticipated Remaining Construction Proceeds	n/a	$n = j * m$	4,538,888.89
Remaining Facility Cost Share for the Prepayment Parcel	7.b.4	$o = c * n$	22,116.95
Sum of Bond Share and Remaining Facility Cost Share	7.b.5	$p = i + o$	49,160.80
Bonds called due to prepayment	7.b.6	$q = \text{Rounddown}(i/5000,0) * 5000$	25,000.00
Bond Call Premium ³	7.b.7	$r = q * .02$	500.00
Reserve Fund Requirement	Definition	s	600,000.00
Less Reserve Fund Share	7.b.9	$t = s * c$	(2,923.66)
City Costs	7.b.10	u	500.00
Total Prepayment	7.b.10	$v = p + r + t + u$	47,237.14
¹ Example shows payoff in fifth year after two years of pay-go and bonds issued in the second year.			
² Principal Paid assumes \$450,000 principal paid in two years			
³ Assumes two percent bond call premium, see the bond documents for the premium to apply at the time of prepayment.			
Remaining Facilities Cost calculation needs to net out the Pay-as-you-go levy amounts			

Table 3			
Curtis Park Village CFD No. 2014-02 (Improvements)			
Mandatory Partial Prepayment Calculation After Bond Issuance			
Item	RMA Reference	Formula	Amount
Revenue Test			
Revenue provided by Developed Parcels (at Base Year) ¹	7.c.1	$a = 74 \text{ parcels} * \$2,400 + 189 * \$2,820$	710,580.00
Revenue Generated by Subdivided Parcels (at Base Year) ²	7.c.2	$b = (\# \text{ of Parcels to be subdivided into}) * 2,400$	24,000.00
Base Year Total Assigned Special Tax Revenue	Definition	c	738,800.00
Maximum Annual Special Tax Shortfall	7.c.3	$d = c - a - b$	4,220.00
Benefit Share of the Prepayment Parcel	7.c.4	$e = d / c$	0.57%
Total Bonds Issued	Definition	f	10,500,000.00
Bond Principal Paid	n/a	g	450,000.00
Total Outstanding Bonds ³	Definition	$h = f - g$	10,050,000.00
Outstanding Bond Share for Prepayment Parcel	7.c.5	$i = e * h$	57,405.25
Total Bond Call	7.c.6	$j = \text{Rounddown}(i / 5000, 2) * 5000$	55,000.00
Bond Call Premium ⁴	7.c.9	$k = j * .02$	1,100.00
City Costs	7.c.9	l	500.00
Release of Bond Reserve ⁵	7.c.7	$m = f * .1$	(5,500.00)
Total Mandatory Prepayment	7.c.9	$n = i + k + l + m$	53,505.25

¹ Example assumes 263 Developed Parcels (Less than 2601 Square Feet).

² Assumes 1.5 Acre Parcel Subdivided into 10 Single Family Residential Lots (Less than 2600 Sq Ft).

³ Assumes 450,000 of Principal has been paid in two years.

⁴ Assumes two percent bond call premium, see the bond documents for the premium to apply at the time of prepayment.

⁵ Assumes Debt Service Reserve of 10% of Original Principal.

*Pay-go is not included, because as an undeveloped parcel, it does not contribute to pay-go.

In this scenario there are two fewer parcels than the current projected build out of (273), and a mandatory prepayment would still be required.

RESOLUTION NO.

Adopted by the Sacramento City Council

May 20, 2014

RESOLUTION OF INTENTION TO INCUR BONDED INDEBTEDNESS TO FINANCE THE PAYMENT OF DEVELOPMENT FEES AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN ORDER TO MITIGATE THE IMPACTS OF DEVELOPMENT WITHIN CURTIS PARK VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BACKGROUND

- A.** The City Council (“**Council**”) of the City of Sacramento (“**City**”) has duly adopted Resolution No. _____ (“**Resolution of Intention**”) this date, declaring its intention to establish a community facilities district under and pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53311) of the Government Code of the State of California (“**Act**”), to be known and designated as “Curtis Park Village Community Facilities District No. 2014-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (“**CFD**”), and to levy a special tax therein to finance the payment of certain development fees and the acquisition and construction of certain public facilities (respectively the “**Fees**” and the “**Facilities**,” as those terms are defined in the Resolution of Intention) that will assist in mitigating the impact on the public infrastructure systems occasioned by new development that is expected to occur within the boundaries of the CFD.
- B.** The Council is fully advised in this matter.

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.** The Council hereby declares that the public convenience and necessity require that a bonded indebtedness be incurred to finance the payment of the Fees and the acquisition and construction of the Facilities. The cost of financing the Fees and the acquisition and construction of the Facilities includes incidental expenses for the Facilities comprising the costs of planning and designing the Facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the CFD, the issuance of bonds, the determination of the amount of any special taxes, or the collection or payment of any special taxes and 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.

Section 3. The amount of the proposed bonded indebtedness to be incurred to finance the acquisition and construction of the Facilities shall not exceed \$13 million, which amount includes all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the bonded indebtedness is proposed to be incurred, including, but not limited to, the estimated costs of acquisition of land, rights-of-way, capacity or connection fees, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued pursuant to the Act, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, bond and other reserve funds, discount fees, interest on any bonds of the CFD estimated to be due and payable within two years of issuance of the bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

Section 4. Notice is given that Tuesday, the 24th day of June, 2014, at the hour of 6 p.m., in the Council Chambers at the Sacramento City Hall, New City Hall, at 915 I Street, Sacramento, California, has been fixed by the Council as the time and place for a public hearing to be held by the Council to consider the incurring of the bonded indebtedness to finance the Fees and the acquisition and construction of the Facilities. At the public hearing, any persons interested, including all taxpayers, property owners and registered voters within the CFD, may appear and be heard on the proposed debt issuance or on any other matters set forth herein, and they may present any matters relating to the necessity for incurring the bonded indebtedness to finance the Fees or the acquisition and construction of the Facilities and to be secured by a special tax to be levied within the CFD.

Section 5. Notice of the time and place of such public hearing shall be given by the Clerk of the City Council of the City ("**Clerk**") in the following manner:

- (a) A Notice of Public Hearing in the form required by the Act shall be published once in the *DAILY RECORDER*, a newspaper of general circulation circulated within the area of the CFD. The publication shall be made pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven days prior to the date set for such public hearing; and
- (b) A Notice of Public Hearing in the form required by the Act shall be mailed, first class postage prepaid, to each owner of land, and to each registered voter residing, within the boundaries of the proposed 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). The mailing shall be completed at least 15 days prior to the date set for the public hearing.

Section 6. It is the intention of the Council that any bonds issued shall be callable (may be redeemed prior to their maturity dates) in accordance with the terms of the Act.

Section 7. This resolution takes effect when adopted.