

Meeting Date: 3/17/2015

Report Type: Consent

Report ID: 2015-00135

Title: Initiate Formation Proceedings for the Creamery Community Facilities District (CFD) No. 2015-02 (Improvements)

Location: District 4

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 April 23, 2015; and 3) a Resolution of Intention to incur bonded indebtedness.

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance; Damien Charley, Senior Debt Analyst, (916) 808-5517, Office of the City Treasurer

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

01-Description/Analysis

02-Background

03-Schedule of Proceedings

04-Resolution -Bond Counsel Agreement

05-Agreement for Bond Counsel Services

06-Resolution of Intention

07-Exhibit A (Boundary Map)

08-Exhibit B (Authorized Facilities)

09-Exhibit C (Incidental Expenses)

10-Exhibit D (RMA)

11-Resolution Declaring Necessity

City Attorney Review

Approved as to Form

Michael W. Voss

3/5/2015 2:42:48 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 3/3/2015 6:54:00 PM

Description/Analysis

Issue: Lewis Land Developers LLC (Developer), the master developer of the Creamery development, has applied to the City to form a CFD to sell bonds. The bond proceeds will partially reimburse the Developer 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).

Economic Impacts: None.

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.

Committee/Commission Action: None.

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 near the end of calendar year 2015 or early 2016, depending on market conditions. One bond sale is planned.

Local Business Enterprise (LBE): Not applicable.

BACKGROUND

The proposed CFD consists of approximately 8.31 gross developable acres with approximately 117 single-family lots located within the Alkali Flats neighborhood. The project site was the former Crystal Creamery production site. The north block of the project site is generally bounded by D Street, 10th Street, Television Circle and the railroad. The south block is generally bounded by D, E, 10th and 11th Streets.

Construction of the financed improvements is estimated to be completed by 2016 and one bond sale is being proposed.

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. 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 owned 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 formation. A schedule for the CFD proceedings is provided on the following pages.

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) 2015/16 ranges from \$2,225 to \$2,650 per residential unit, depending on parcel size. The initial maximum annual special-tax for undeveloped parcels in FY2015/16 is \$37,100 per acre. Each of the maximum annual special taxes escalates two percent annually to compensate for inflation.

Tax Burden on the Land

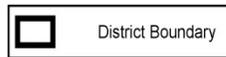
City policy limits tax burdens to two percent of the sales price. The price points expected in the Creamery project result in a total tax burden, including property taxes and all other taxes and assessments, of 1.7 percent.

Boundary Map

Creamery Community Facilities
District No. 2015-02 (Improvements)



City of
SACRAMENTO
Finance Department
B Mueller 2/24/15



SCHEDULE OF FORMATION PROCEEDINGS

PROPOSED CREAMERY COMMUNITY FACILITIES DISTRICT (CFD) NO. 2015-02 (IMPROVEMENTS)

March 17, 2015	City Council – Initiate Proceedings <ul style="list-style-type: none">○ Pass Resolution Approving Agreement for Bond Counsel Services○ Pass Resolution of Intention To Form CFD and Levy Special Tax (sets hearing date and approves boundary map)○ Pass Resolution of Intention to Incur Bonded Indebtedness
March 18, 2015	Mail Notice of Public Hearing & Record Boundary Map
April 10, 2015	Publish Notice of Hearing
April 23, 2015	City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none">○ Conduct Public Hearing○ Pass Resolutions approving various Joint Community Facilities Agreements (if needed)○ Pass Resolution of Formation○ Pass Resolution to Incur Debt○ Pass Resolution Calling Special Election
April 24, 2015	Mail Special Election Ballots
May 12, 2015	Special Election Ballots Due
May 19, 2015	City Council <ul style="list-style-type: none">○ Pass Resolution Declaring Results of Special Election○ Pass for Publication Ordinance to Levy Tax
May 20, 2015	Record Notice of Special Tax
May 26, 2015	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
CREAMERY COMMUNITY FACILITIES DISTRICT
NO. 2015-02 (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 “Creamery Community Facilities District No. 2015-02 (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 March 17, 2015, 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.

Table of Contents:

Exhibit A: Agreement

AGREEMENT FOR BOND COUNSEL SERVICES

City of Sacramento
Creamery Community Facilities District No. 2015-02 (Improvements)
(Issuance of Bonds)

This Agreement for Bond-Counsel Services, dated as of March ____, 2015, 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 and Orrick previously entered into City Agreement No. 2014-1234 in connection with formation of the Creamery Community Facilities District No. 2015-02 (Improvements) (the “CFD”). The City now desires to engage Orrick in connection with the authorization, issuance, sale, and delivery of one or more series of bonds (the “Mello-Roos Bonds”) through the CFD to finance public infrastructure—including sewer, water, drainage and traffic improvements, parks, and open space—and to reimburse certain development-related fees or taxes (collectively, the “Project”). This agreement evidences the City’s engagement of Orrick in connection with the Mello-Roos Bonds and specifies the terms of the engagement. Orrick has the necessary professional capabilities and resources to provide the legal services required by this agreement.

With these background facts in mind, the parties 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 its counsel, and others with respect to the timing, terms, and legal structure of the Mello-Roos Bonds.
 - (b) 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, bond-purchase contract, and continuing-disclosure certificate or 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.
 - (c) 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).

- (d) 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(g).
 - (e) 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 City staff in preparing such explanations or presentations to the City Council as City staff may request.
 - (f) 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.
 - (g) 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.
 - (h) 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.
 - (i) After 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 Mello-Roos Bonds.
2. The services of Orrick under this agreement do not include the following, although Orrick may provide such services under City Agreement No. 2014-1234 or another separate agreement with the City:
- (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.
 - (b) Preparation of documents required to form the CFD, including all resolutions, notices, consents, affidavits, certificates, ballots, ordinances, the rate and method of apportionment of the special tax, the hearing report, any maps, any charts, any diagrams, any joint community facilities agreements, and any acquisition agreements (the "Formation Documents").
 - (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) 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 and CD ROM formats.

- (e) 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.
 - (f) Legal services in connection with the preparation, content, or dissemination of the official statement (except as provided in section 1(d)).
 - (g) Legal services in connection with any change proceeding or annexation for the CFD.
 - (h) Legal services related to compliance with the California Environmental Quality Act.
 - (i) Legal services in connection with arbitrage-rebate compliance respecting the Mello-Roos Bonds.
 - (j) Legal services relating to state blue-sky laws or to title to, or perfection of security interests in, real or personal property.
 - (k) 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 on each issue of the Mello-Roos Bonds by paying an amount equal to the greater of 1% of the par amount of the issue or \$65,000.
 - (b) 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 \$1,500.
 - (c) Except when the City terminates this agreement under section 5, the City's obligation to pay Orrick's legal fees and disbursements for an issue of the Mello-Roos Bonds is contingent upon the successful issuance, sale, and delivery of the issue, and the City shall pay the amounts owed as soon as is practicable after Orrick's presentation of an invoice following the 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.
 - (a) If the City terminates this agreement, then the City shall pay Orrick forthwith for all satisfactory work at Orrick's 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. For the calendar year 2015, the standard hourly rates for the attorneys and paralegals most likely to work on the CFD formation and Mello-Roos Bonds are Jenna Magan (\$795), Brandon Dias (\$705), Chas Cardall (\$910), John Stanley (\$705), Nina Santo (\$360), and Tricia Aguirre (\$265).
 - (b) 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.
 - (c) 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(h) and 1(i) above.
6. Role of Bond Counsel.
 - (a) In general, the role of bond counsel in financings 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 Orrick's objective judgment on the matters addressed therein.
 - (b) In performing under this agreement, Orrick shall act as special counsel to the City with respect to issuance of the Mello-Roos Bonds. In that capacity, Orrick shall assist 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) Unless terminated sooner as provided in section 5 above, Orrick's services under this agreement as bond counsel for the issuance of the Mello-Roos Bonds terminate upon the issuance, sale, and delivery of the final issue of Mello-Roos Bonds. Orrick's services as bond counsel through issuance, sale, and delivery of the Mello-Roos Bonds are limited to those specified in this agreement. If the City engages Orrick for rebate compliance, disclosure, or any other post-issuance matter related to the Mello-Roos Bonds, then that engagement will be separate and distinct from Orrick's engagement as bond counsel under this agreement except that, unless otherwise provided, it 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, because of this agreement or any other attorney-client relationship 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:

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

If to Orrick:

Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Suite 3000
Sacramento, CA 95814-4497
Attention: Jenna Magan

and

Office of the City Attorney
New City Hall
915 "I" Street, Fourth Floor
Sacramento, CA 95814-2608
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: _____, 2015

By: Jenna Magan
Jenna Magan, Partner
Date: 3-9, 2015

Approved as to Form
Sacramento City Attorney

By: _____
Senior Deputy City Attorney

RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

March 17, 2015

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

BACKGROUND

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

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

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

the City Council. A reduced copy of the map, marked Exhibit A, is attached to this resolution. The City Council finds that the map is in the form and contains the matters prescribed by Streets and Highways Code section 3110 and directs the Clerk to certify the adoption of this resolution on the face of the map. The Clerk is hereby authorized and directed to record a copy of the map with the Sacramento County Clerk/Recorder in accordance with Streets and Highways Code section 3111.

- Section 4. The City Council hereby finds that any property included within the boundary of the CFD that is currently devoted primarily to agricultural, timber, or livestock uses and being used for the commercial production of agricultural, timber, or livestock products will be benefited by the proposed public facilities.
- Section 5. It is the intention of the City Council to finance the acquisition and construction, pursuant to the Act, of the public facilities shown on Exhibit B attached to this resolution (the “**Facilities**”). It is also the intention of the City Council to finance the governmentally imposed development fees shown on Exhibit B attached to this resolution (the “**Fees**”), all of which are used to finance public facilities. All of the Facilities and the public facilities to be financed by the Fees have an estimated useful life of five years or longer. They are public facilities that: (1) the City or other governmental agencies are authorized by law to construct, own, or operate, or to which they may contribute revenue and (2) are necessary to meet increased demands on the City or other governmental agencies as the result of development occurring or expected to occur within the CFD.
- Section 6. The cost of financing the acquisition and construction of the Facilities and financing the Fees includes incidental expenses comprising the costs of planning and designing the Facilities and the public facilities to be financed with the Fees, together with the costs of environmental evaluations thereof; all costs associated with the creation of the CFD, the issuance of bonds and incurrence of other debt (as defined in the Act), the determination of the amount of any special taxes, and the collection or payment of any special taxes; and any costs otherwise incurred in order to carry out the authorized purposes of the CFD, together with any other expenses incidental to the acquisition and construction of the Facilities or the public facilities to be financed with the Fees, or the payment of the Fees. A representative list of incidental expenses proposed to be incurred is set forth on Exhibit C attached to this resolution.
- Section 7. It is the intention of the City Council that, except where funds are otherwise available, a special tax be annually levied within the CFD in amounts sufficient to finance the acquisition and construction of the Facilities and to finance the Fees, including but not limited to the payment of interest on and principal of or other payments on bonds or other debt (as defined in the Act) to be issued to finance the acquisition and construction of the Facilities and to finance the Fees; the making of lease payments for Facilities (whether in conjunction with the issuance of

certificates of participation or not); and the repayment of funds advanced by the City for the CFD, including the repayment under any agreement (which will not constitute a debt or liability of the City) of advances of funds or reimbursement for the lesser of the value or cost of work in-kind provided by any person for the CFD.

- Section 8. Upon recordation of a Notice of Special Tax Lien under Streets and Highways Code section 3114.5, a continuing lien to secure each levy of the special tax will attach to all nonexempt real property in the CFD, and this lien will continue in force and effect until the special-tax obligation is prepaid and permanently satisfied and the lien is cancelled in accordance with law, or until levy of the special tax by the City ceases.
- Section 9. It is the intention of the City Council that the proposed special tax will be collected through the regular County of Sacramento secured property-tax bills, and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular ad valorem property taxes; however, the City Council reserves the right to use any other lawful means of billing, collecting, and enforcing the special tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the special-tax lien.
- Section 10. The rate and method of apportionment of the special tax, including the maximum annual special tax, is set forth on Exhibit D attached to this resolution. Exhibit D provides sufficient detail to allow each landowner or resident within the CFD to estimate the maximum amount that the landowner or resident will have to pay. Exhibit D also specifies the conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied. As required by the Act, (a) the maximum authorized special tax that may be levied against any parcel used for private residential purposes (which use begins no later than the date on which an occupancy permit for private residential use is issued) is specified as a dollar amount which will be calculated and thereby established no later than the date on which the parcel is first subject to the special tax because of its use for private residential purposes and will not increase by more than two percent per year; (b) the special tax will not be levied against such property after fiscal year 2055-56; and (c) under no circumstances will the special tax levied on such property in any fiscal year be increased on the property, as a consequence of delinquency or default by the owner of any other parcel or parcels within the CFD, by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.
- Section 11. It is the intention of the City Council, under Government Code section 53340.1, to levy the special tax on the leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the special tax), to be payable by the owner of the leasehold or possessory interests in such property.

- Section 12. It is the intention of the City Council, under Government Code section 53325.7, to establish the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Fiscal Year 2015/16 for the CFD in the amount of \$5 million.
- Section 13.** Notice is given that Thursday, April 23, 2015, at 6:00 p.m., has been fixed by the City Council as the time for a public hearing to be held by the City Council to consider the establishment of the CFD; the proposed rate, method of apportionment, and manner of collection of the special tax; and all other matters as set forth in this resolution. The public hearing will be held in the City Council Chambers in New City Hall, 915 I Street, Sacramento, California. At the public hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, may appear and be heard, and the City Council will hear and consider the testimony of all interested persons and taxpayers for or against the establishment of the CFD; the extent of the CFD; the levy of the special tax; the acquisition, improvement, or construction of any of the Facilities; the financing of the Fees; the establishment of the appropriations limit; and any other matters set forth in this resolution.
- Section 14. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and clearly set forth the irregularities and defects to which objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protester at the public hearing must be filed with the Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
- Section 15. These proceedings will be suspended for at least one year if written protests are submitted by fifty percent or more of the registered voters or six registered voters, whichever is more, residing within the CFD, or by the owners of one-half or more of the land area within the CFD not exempt from the proposed special tax. If protests are directed only against certain elements of the proposed Facilities or Fees or the special tax or the other proposals contained in this resolution, then only those matters need be excluded from the proceedings.
- Section 16. The public hearing may be continued from time to time but must be completed within thirty days. If, however, the City Council finds that the complexity of the CFD or the need for public participation requires additional time, then the public hearing may be continued from time to time for a period not to exceed six months.
- Section 17. The City Council may at the public hearing modify this resolution by eliminating any of the Facilities or Fees, or by changing the method of

apportionment of the special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the CFD, or by removing any territory from the CFD, except that if the City Council proposes to modify this resolution in a way that will increase the probable (as distinct from the maximum, which may not be increased) special tax to be paid by the owner of any lot or parcel in the CFD, then the City Council shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of such lots or parcels, and the City Council must receive and consider such report before approving any such modifications or any resolution forming the CFD that includes such modifications.

- Section 18. At the conclusion of the public hearing, the City Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the CFD. If the City Council determines at the conclusion of the public hearing to proceed with the establishment of the CFD, then it expects that the proposed voting procedure will be by landowners voting in accordance with the Act, as the City Council is informed that during the 90 days before to the date set for the hearing, there have been times when there were fewer than 12 registered voters residing within the CFD. The City Council will require this information to be confirmed before ordering the election.
- Section 19. The Manager of the Public Improvement Financing Division of the City Finance Department (the "**Manager**") is hereby directed to study the CFD and, at or before the time of the public hearing, to cause to be prepared and filed with the City Council a report briefly describing by type the facilities that, in his opinion, will be required to adequately meet the needs of the CFD, together with estimates of the cost of financing the acquisition and construction of the Facilities, the cost of financing the Fees, and an estimate of the incidental expenses related thereto. The report, upon its presentation, will be submitted to the City Council for review, will be available for inspection by the public, and will be made a part of the record of the public hearing. The Manager may retain consultants to prepare the report.
- Section 20. In the opinion of the City Council, the public interest will not be served by allowing the property owners in the CFD to enter into a contract under Government Code section 53329.5, subdivision (a), to do the work to be financed under the Act.
- Section 21. The City Council intends to reserve to itself the right and authority to allow bond tenders from any interested landowner within the CFD to be accepted under Government Code sections 53344.1 and 53356.8 in full or part payment of any installment of the special taxes or the interest or penalties thereon.
- Section 22. The Clerk shall give notice of the time and place of the public hearing in the following manner:

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

Section 23. This resolution takes effect when adopted.

Table of Contents:

Exhibit A – Boundary Map

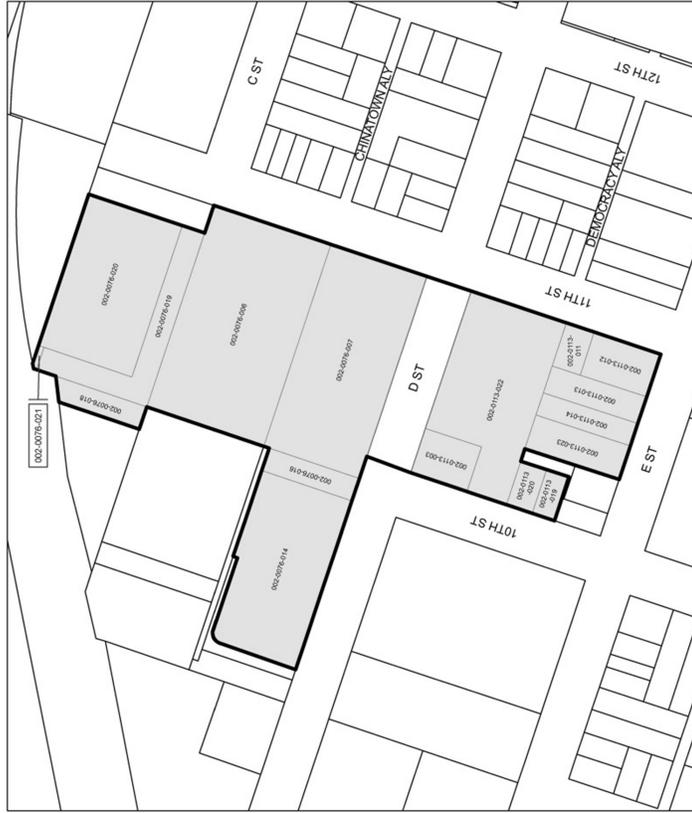
Exhibit B – List of Authorized Facilities and Fees

Exhibit C – Representative List of Incidental Expenses

Exhibit D – Rate and Method of Apportionment

Exhibit A Boundary Map

BOUNDARY MAP
CREAMERY COMMUNITY FACILITIES
DISTRICT NO. 2015-02 (IMPROVEMENTS)
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
SHEET 1 OF 1



CLERK'S MAP FILING STATEMENT.
FILED IN THE OFFICE OF THE CLERK OF CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, THIS _____ DAY OF _____, 2015.

CITY CLERK,
CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE.
I HEREBY CERTIFY THAT THE MAP SHOWING BOUNDARY MAP, CREAMERY COMMUNITY FACILITIES DISTRICT NO. 2015-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AT A MEETING THEREOF, HELD ON THE _____ DAY OF _____, 2015, BY ITS RESOLUTION NO. _____

CITY CLERK,
CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT.
FILED THIS _____ DAY OF _____, 2015 AT THE HOUR OF _____ O'CLOCK _____ M., IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

COUNTY RECORDER
OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: _____ DEPUTY DOCUMENT NO. _____



EXHIBIT B

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

LIST OF AUTHORIZED FACILITIES AND FEES

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

Transportation Improvements

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

Authorized facilities include the following transportation improvements:

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

Wastewater System Improvements

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

- Offsite Sewer

Development Impact Fees and Other Eligible Fees

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

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

EXHIBIT C

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

REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS

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

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

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

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

EXHIBIT D

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

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

1. Basis of Special Tax Levy

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

2. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“County” means the County of Sacramento, California.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Duration of the Special Tax

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

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

4. Administrative Tasks

Tasks required annually of the Administrator are discussed below:

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

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

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

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

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

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

5. Calculating Annual Special Tax Levy

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

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

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

6. Prepayment of the Special Tax Obligation

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

Full Prepayment is permitted only under the following conditions:

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

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

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

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

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

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

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

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

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

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

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

8. Records Maintained for the CFD

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

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

9. Manner of Collection

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

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

Map 1



RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

March 17, 2015

RESOLUTION DECLARING THE NECESSITY TO INCUR BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES AND TO FINANCE CERTAIN GOVERNMENTAL FEES FOR PUBLIC FACILITIES IN AND FOR CREAMERY COMMUNITY FACILITIES DISTRICT NO. 2015-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BACKGROUND

A. The City Council has duly adopted Resolution No. 2015-____ (the “**Resolution of Intention**”) this date, declaring its intention to establish a community facilities district under the Mello-Roos Community Facilities Act of 1982, set forth at Government Code sections 53311 through 53368.3 (the “**Act**”), to be known and designated as “Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “**CFD**”), and to levy a special tax therein to finance the acquisition and construction of certain public facilities and to finance certain governmental fees for public facilities as set out in the Resolution of Intention (respectively, the “**Facilities**” and the “**Fees**”).

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 hereby declares that the public convenience and necessity require that a bonded indebtedness be incurred to finance the acquisition and construction of the Facilities and to finance the Fees. The cost of financing the acquisition and construction of the Facilities and financing the Fees includes incidental expenses comprising the costs of planning and designing the Facilities and the public facilities to be financed with the Fees, together with the costs of environmental evaluations thereof; all costs associated with the creation of the CFD, the issuance of bonds and incurrence of other debt (as defined in the Act and, together with any bonded indebtedness, “**Debt**”), the determination of the amount of any special taxes, and the collection or payment of any special taxes; and any costs otherwise incurred in order to carry out the authorized purposes of the CFD, together with any other expenses incidental to the acquisition and construction of the Facilities or the public facilities to be financed with the Fees, or the payment of the Fees.

Section 3. The amount of the proposed Debt to be incurred to finance the acquisition, and construction of the Facilities and to finance the Fees may not exceed \$5 million, which amount includes all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the

Debt is proposed to be incurred, including but not limited to the estimated costs of acquisition of land and 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 under the Act; fees for architectural, engineering, inspection, legal, fiscal, and financial-consultant services; bond and other reserve funds; discount fees; interest on any Debt estimated to be due and payable within two years of issuance of the Debt; election costs; and all costs of issuance or incurrence of the Debt, including but not limited to fees for bond counsel and disclosure 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 Thursday, April 23, 2015, at 6:00 p.m., has been fixed by the City Council as the time for a public hearing to be held by the City Council to consider the incurring of Debt to finance the acquisition and construction of the Facilities and to finance the Fees. The public hearing will be held in the City Council Chambers in New City Hall, 915 I Street, Sacramento, California. At the public hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, may appear and be heard on the proposed Debt or on any other matters set forth in this resolution, and they may present any matters relating to the necessity for incurring Debt to finance the acquisition and construction of the Facilities and to finance the Fees and to be secured by a special tax to be levied within the CFD.

Section 5. The City Clerk shall give notice of the time and place of the public hearing in the following manner:

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

Section 6. The City Council intends that any Debt be callable (may be redeemed or prepaid before maturity) in accordance with the Act.

Section 7. This resolution takes effect when adopted.

