

Meeting Date: 4/23/2015

Report Type: Public Hearing

Report ID: 2015-00012

Title: Formation Proceedings for The Creamery Infrastructure Community Facilities District (CFD) No. 2015-02 (Noticed on 04/10/2015)

Location: District 4

Recommendation: Conduct a public hearing and upon conclusion, pass 1) a Resolution of formation establishing the CFD and providing for a levy of a special tax; 2) a Resolution to Incur bonded indebtedness; and 3) a Resolution calling for a special mailed ballot election on May 12, 2015.

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

Presenter: Sheri Smith, Program Specialist, (916) 808-7204, Department of Finance

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

01-Description/Analysis

02-Background

03-Schedule of Performances

04-Resolution of Formation

05-Exhibit A (Boundary Map)

06-Exhibit B (Authorized Facilities)

07-Exhibit C (Incidental Expenses)

08-Exhibit D (RMA)

09-Resolution of Necessity

10-Resolution Calling Election

City Attorney Review

Approved as to Form

Michael W. Voss

4/8/2015 3:02:23 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 4/1/2015 6:04:20 PM

Description/Analysis

Issue Detail: Lewis Land Developers LLC (Developer), the master developer of the Creamery development, has applied to the City to form the CFD for the purpose of obtaining tax-exempt bond financing. 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).

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 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 and will not exceed \$5 million. 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 in 2016 and one bond sale is being proposed.

Purpose of the CFD

The proposed CFD 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 Formation 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.

The ballot question has three parts:

- Should the City be authorized to levy a special tax to pay for fees and infrastructure;
- Should the City be authorized to incur debt of \$5 million to be funded by the levy; and
- Should the appropriation limit of the CFD be set at \$5 million?

The appropriation limit is the amount that can be appropriated in any one year.

The ballots are due May 12, 2015. An entire 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 Formation. 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 Formation. 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)



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 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. 2015-XXXX

Adopted by the Sacramento City Council

April 23, 2015

RESOLUTION OF FORMATION ESTABLISHING THE CREAMERY COMMUNITY FACILITIES DISTRICT NO. 2015-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND PROVIDING FOR THE LEVY OF 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.** On Tuesday, March 17, 2015, the City Council duly adopted Resolution No. 2015-0070 (the “**Resolution of Intention**”) declaring its intention (1) to establish a community facilities district within the City’s jurisdictional boundaries 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 the “Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “**CFD**”); and (2) to levy a special tax therein to finance the acquisition and construction of certain public capital facilities and to finance certain governmental fees for public facilities.
- B.** As required by Streets and Highways Code section 3110, in the Resolution of Intention the City Council approved the boundary map for the CFD, titled “Proposed Boundaries of Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “**Boundary Map**”) and set forth in Exhibit A to the Resolution of Intention (the same Exhibit A is also attached to this resolution). The Boundary Map was recorded on March 20, 2015, in Book 118 at Page 0010 of the Book of Maps of Assessment and Community Facilities Districts maintained by the Sacramento County Clerk/Recorder.
- C.** In the Resolution of Intention, the City Council fixed Thursday, April 23, 2015, at 6:00 p.m., in the Council Chambers in New City Hall, 915 I Street, Sacramento, California, as the time and place for a public hearing (the “**Public Hearing**”) to be held by the City Council to consider the establishment of the CFD; the authorization of a special tax to be levied and collected within the CFD (the “**Special Tax**”); the proposed rate, method of apportionment, and manner of collection of the Special Tax; the facilities and governmental fees proposed to be financed; the establishment of an appropriations limit for the CFD; and all other matters set forth in the Resolution of Intention.
- D.** In accordance with the Resolution of Intention, the Manager of the Public Improvement Financing Division of the City Finance Department submitted a report (the “**Hearing Report**”) to the City Council on the need for, and the estimated cost of, the proposed facilities to be financed, the cost of the governmental fees to be financed, and certain other matters. The City Council has reviewed the Hearing Report, which is made a part of the record of the Public Hearing.
- E.** On April 23, 2015, at or shortly after the time set for the Public Hearing, the City Council opened the Public Hearing to consider the establishment of the CFD; the authorization of the Special Tax; the proposed rate, method of apportionment, and manner of collection of the Special Tax (the “**RMA**”); the facilities proposed to be financed; the governmental fees

proposed to be financed; the establishment of the appropriations limit; and all other matters set forth in the Resolution of Intention.

- F. At the Public Hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, were given an opportunity to appear and be heard, and the City Council heard and considered the testimony of all interested persons for or against the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the acquisition and construction of any of the proposed facilities; the proposed financing of the governmental fees; the establishment of the appropriations limit for the CFD; and any other matters set forth in the Resolution of Intention.
- G. All registered voters residing within the boundaries of the proposed CFD and all owners of land within the boundaries of the proposed CFD that would not be exempt from the proposed levy of the Special Tax were allowed to submit written protests to any aspect of the proposals contained in the Resolution of Intention and were permitted to withdraw their protests before the close of the Public Hearing.
- H. There are on file with the City Clerk a proof of publication of the Notice of Public Hearing in the *Sacramento Bulletin* and a Certificate of Mailing of Notice of Public Hearing showing mailed notice to the owners of land within the CFD.

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.** Except to the extent inconsistent with this resolution, the Resolution of Intention is reaffirmed, and its provisions and findings are, to that same extent, incorporated herein by this reference.
- Section 3.** The City Council accepts the proof of publication of the Notice of Public Hearing and the Certificate of Mailing of Notice of Public Hearing and finds, based thereon, that proper notice of the Public Hearing has been given in accordance with the Act and that the Public Hearing was conducted with proper and legal notice in all respects.
- Section 4.** The City Council finds and determines that at the close of the Public Hearing written protests, if any, to the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the acquisition and construction of any of the facilities described in the Resolution of Intention; the financing of any of the governmental fees described in the Resolution of Intention; the establishment of the appropriations limit for the CFD; or any other matters contained in the Resolution of Intention were submitted by less than 50% of the registered voters residing within the CFD or by less than six of the registered voters residing within the CFD, whichever is more. The City Council also finds that, at the close of the Public Hearing, the written protests, if any, were submitted by the owners of less than one-half of the area of land in the territory proposed to be included in the CFD and not exempt from the Special Tax. Thus, finding that it is not precluded by the Act from proceeding further in this matter, the City Council hereby orders and determines that it has considered, and that it overrules, all protests to the following: the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the acquisition and construction of any of the facilities described in the Resolution of Intention; the financing of the governmental fees described in the Resolution of Intention; the establishment of the appropriations limit for the CFD; and any other matters contained in the Resolution of Intention that may have been submitted.

Section 5. The public facilities (the “**Facilities**”) and the governmental fees (the “**Fees**”) authorized to be financed by and through the CFD are those shown on Exhibit B attached to this resolution. The City Council finds that the Facilities and the Fees do not in any way exceed the description of the authorized facilities and governmental fees proposed in the Resolution of Intention. All of the Facilities and the 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. The authorization to finance the acquisition and construction of the Facilities and to finance the Fees includes incidental expenses consisting of the costs of planning and designing the Facilities and 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) (collectively, “**Debt**”), the determination of the amount of any Special Taxes, and the collection or payment of any Special Taxes; and costs otherwise incurred to carry out the authorized purposes of the CFD, together with any other expenses incidental to the acquisition or construction of the Facilities or the public facilities to be financed with the Fees. A representative list of the incidental expenses proposed to be incurred is set forth on Exhibit C attached to this resolution.

Section 6. The RMA, 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 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. The City Council finds that the RMA does not in any way exceed the proposed rate and method of apportionment of the Special Tax described in the Resolution of Intention. 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 that 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 (but a Special Tax that is lawfully levied in or before that year and that remains delinquent may be collected in subsequent years); 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 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

Section 7. If the election referred to in Section 12 results in the approval of the authorizations of this resolution, then upon recordation of a Notice of Special Tax Lien as required by 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, which lien will continue in force and effect until the Special Tax obligation is prepaid and permanently satisfied and the lien cancelled in accordance with law or until collection of the Special Tax ceases and a Notice of Cessation of Special Tax is recorded in accordance with section 53330.5 of the Act.

- Section 8.** Except where funds are otherwise available, and subject to the limits described in the RMA, a Special Tax will be levied annually within the CFD in an amount sufficient to pay for the following: the acquisition and construction of the Facilities and the financing of the Fees, including but not limited to the payment of interest on and principal of or other payments on Debt issued to finance the acquisition and construction of the Facilities or 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 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 9.** The 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.** Under Government Code section 53340.1, the Special Tax will be levied on 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 the property.
- Section 11.** Under Government Code section 53325.7, and subject to the voter approval requirement in that section, the appropriations limit, as defined by subdivision (h) of section 8 of article XIIB of the California Constitution, for fiscal year 2015/16 for the CFD, subject to adjustment as provided therein, is established in the amount of \$5 million.
- Section 12.** The City Council will submit the authorizations of this resolution to the qualified electors of the CFD in a special mailed-ballot election. Based on findings to be formally made by the City Council in a resolution to be adopted this date calling the special mailed-ballot election, to which reference is made for further particulars, the qualified electors of the CFD are the landowners owning property in the CFD that will not be exempt from the Special Tax, in accordance with section 53326(b) of the Act.
- Section 13.** In the opinion of the City Council, the public interest will not be served by allowing the owners of property in the CFD to enter into a contract under Government Code section 53329.5(a) to do the work to be financed under the Act.
- Section 14.** The Manager of the Public Improvement Financing Division of the City Finance Department, 915 I Street, City Hall, Third Floor, Sacramento, CA 95814, telephone (916) 808-8788, will be responsible for annually preparing, or causing to be prepared, the roll of Special Tax levies on the parcels within the CFD (identified by Sacramento County Assessor's parcel numbers) and will be responsible for estimating future Special Tax levies as required by Government Code section 53340.2.
- Section 15.** The City Council finds and determines that all proceedings conducted and approved by the City Council with respect to the establishment of the CFD, up to and including the adoption of this resolution and the other resolutions adopted this date in connection with the CFD, are valid and in conformity with the requirements of the Act. This determination is final and conclusive for all purposes and is binding upon all persons. Accordingly, the City Council finds, determines, and orders that the CFD is hereby

established with all of the authorities described and set forth in this resolution, the exercise of which is subject only to the election.

Section 16. This resolution takes effect when adopted.

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Exhibit A: Boundary Map

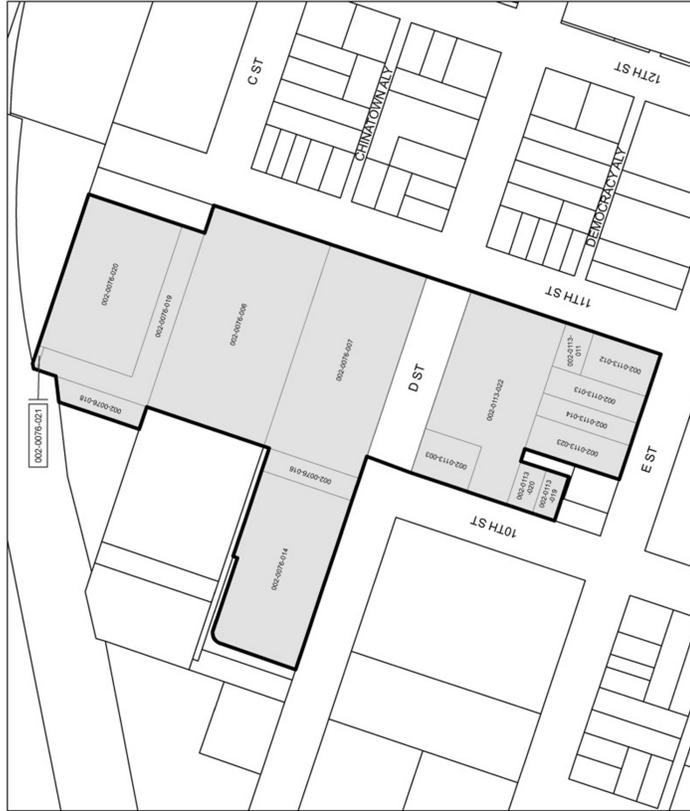
Exhibit B: List of Authorized Facilities and Fees

Exhibit C: List of Incidental Expenses

Exhibit D: RMA

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	68	\$2,200	\$149,600
Lots 88-97, 111-117			
Lots 31-36, 53-72, 78-87	49	\$2,625	\$128,625
Lots 98-110			
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.			

RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

April 23, 2015

RESOLUTION DEEMING IT NECESSARY 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. On Tuesday, March 17, 2015, the City Council duly adopted Resolution No. 2015-0070 (the “**Resolution of Intention**”) declaring its intention (1) to establish a community facilities district within the City’s jurisdictional boundaries 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 the “Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “**CFD**”); and (2) to levy a special tax therein to finance the acquisition and construction of certain public capital facilities and to finance certain governmental fees for public capital facilities.
- B. On Tuesday, March 17, 2015, the City Council also duly adopted Resolution No. 2015-0071 (the “**Resolution to Incur Bonded Indebtedness**”) declaring that the public convenience and necessity require that a bonded indebtedness or other debt (as defined in the Act) (collectively, “**Debt**”) in a principal amount not to exceed \$5 million be incurred to finance the governmental fees and the acquisition and construction of the public facilities described in the Resolution of Intention.
- C. In the Resolution to Incur Bonded Indebtedness, the City Council fixed Thursday, April 23, 2015, at 6:00 p.m., in the Council Chambers in New City Hall, 915 I Street, Sacramento, California, as the time and place for a public hearing (the “**Public Hearing**”) to be held by the City Council to consider incurring the proposed Debt and any other matters set forth in the Resolution to Incur Bonded Indebtedness.
- D. On April 23, 2015, at or shortly after the time set for the Public Hearing, the City Council opened the Public Hearing to consider the incurrence of the proposed Debt and any other matters set forth in the Resolution to Incur Bonded Indebtedness.
- E. At the Public Hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, were given an opportunity to appear and be heard, and the City Council heard and considered the testimony of all interested persons for and against the incurrence of the proposed Debt and any other matters set forth in the Resolution to Incur Bonded Indebtedness.

- F. All registered voters residing within the boundaries of the proposed CFD and all owners of land within the boundaries of the proposed CFD that would not be exempt from the proposed levy of the special tax were allowed to submit written protests to any aspect of the proposals contained in the Resolution to Incur Bonded Indebtedness and were permitted to withdraw their protests before the close of the Public Hearing.
- G. The City Council has duly adopted on this date Resolution No. 2015-___ establishing the CFD (the “**Resolution of Formation**”), setting forth the special tax to be authorized within the CFD and the public facilities and governmental fees that may be financed with the proceeds of the special tax and the proposed Debt.
- H. There are on file with the City Clerk a proof of publication of the Notice of Public Hearing in the *Sacramento Bulletin* and a Certificate of Mailing of Notice of Public Hearing showing mailed notice to the owners of land within the CFD.

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 accepts the proof of publication of the Notice of Public Hearing and the Certificate of Mailing of Notice of Public Hearing and finds, based thereon, that proper notice of the Public Hearing has been given in accordance with the Act and that the Public Hearing was conducted with proper and legal notice in all respects.
- Section 3.** The City Council finds and determines that at the close of the Public Hearing written protests, if any, to the incurrence of the proposed Debt or any other matters set forth in the Resolution to Incur Bonded Indebtedness were submitted by less than 50% of the registered voters residing within the CFD or by less than six of the registered voters residing within the CFD, whichever is more. The City Council also finds that, at the close of the Public Hearing, the written protests, if any, were submitted by the owners of less than one-half of the area of land in the territory proposed to be included in the CFD and not exempt from the special tax. Thus, finding that it is not precluded by the Act from proceeding further in this matter, the City Council hereby orders and determines that it has considered, and that it overrules, all protests to the incurrence of the proposed Debt and to any other matters set forth in the Resolution to Incur Bonded Indebtedness that may have been submitted.
- Section 4.** The City Council hereby deems it necessary that a Debt be incurred to finance the acquisition and construction of the facilities described in the Resolution of Formation and to finance the governmental fees described in the Resolution of Formation. The authorization to finance the acquisition and construction of the facilities, including the facilities to be financed with the governmental fees, includes incidental expenses for the facilities consisting of the costs of planning and designing the facilities, together with the costs of environmental evaluations thereof; all costs associated with the creation of the CFD, the issuance of Debt, the determination of the amount of any special taxes, and the collection or payment of any special taxes; and any costs otherwise incurred to carry out the authorized purposes of the CFD, together with any other expenses incidental to the acquisition and construction of the facilities and the financing of the governmental fees. A representative list of these incidental expenses is set forth in Exhibit C to the Resolution of Formation.

- Section 5.** The whole of the territory within the CFD will be benefited by the Debt and will be subject to the special tax to pay for the Debt.
- Section 6.** The amount of the proposed Debt to be incurred to finance the acquisition and construction of the facilities and to finance the governmental 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 Debt is 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 or incurrence 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 7.** The maximum term of any issue of Debt may not exceed 40 years from the date of issuance of that issue of Debt.
- Section 8.** The maximum annual rate or rates of interest to be paid on any Debt may not exceed 12%.
- Section 9.** Under Government Code section 53353.5, the authorization to levy the special tax to finance the facilities and the governmental fees, the question of setting the appropriations limit for the CFD, and the question whether the CFD will be authorized to incur the Debt will be combined into a single ballot question and submitted to the qualified electors of the CFD at a special mailed-ballot election with ballots to be delivered to the City Clerk no later than 5:00 p.m. on Tuesday, May 12, 2015. If before that time the City Clerk has received all of the eligible ballots to be cast, then the City Clerk will declare the election closed.
- Section 10.** The election is to be conducted in accordance with City Council Resolution No. 2015-____ Calling Special Mailed-Ballot Election, adopted this date, to which reference is made for further particulars.
- Section 11.** If the ballot proposition receives the approval of two-thirds or more of the votes cast on the proposition, then the Debt may be issued and sold for the purpose for which it was authorized, and the Debt (except where special funds are otherwise available) will be paid exclusively from the annual levy of the special tax and in any and all cases is not and may not be secured by any other taxing power or funds of the City.
- Section 13.** Any Debt issued will be callable (may be redeemed before its maturity date) in accordance with the Act.
- Section 14.** This resolution takes effect when adopted.

RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

April 23, 2015

CALLING SPECIAL MAILED-BALLOT ELECTION WITHIN THE CREAMERY COMMUNITY FACILITIES DISTRICT NO. 2015-02 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BACKGROUND

- A. On Tuesday, March 17, 2015, the City Council duly adopted Resolution No. 2015-0070 (the “**Resolution of Intention**”) and Resolution No. 2015-0071 (the “**Resolution to Incur Bonded Indebtedness**”), thereby initiating proceedings to form 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 the “Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California” (the “**CFD**”).
- B. Both the Resolution of Intention and the Resolution to Incur Bonded Indebtedness fixed April 23, 2015, at 6:00 p.m. as the date and time for a public hearing on the matters proposed in each (collectively, the “**Public Hearing**”).
- C. At the close of the Public Hearing on February 24, 2015, the City Council determined that there was no majority protest under section 53324 of the Act.
- D. At the conclusion of the Public Hearing, and as authorized by sections 53325.1 and 53351 of the Act, respectively, the City Council duly adopted Resolution No. 2015-____ establishing the CFD (the “**Resolution of Formation**”) and Resolution No. 2015-____ deeming it necessary to incur bonded indebtedness (the “**Resolution Deeming it Necessary to Incur Bonded Indebtedness**”).
- E. Before the City Council may proceed with implementing the authorizations in the two resolutions, the following propositions must be submitted to, and approved by, the qualified electors of the CFD: the levy of the special tax within the CFD as provided by the Resolution of Formation, the establishing of an appropriations limit for the CFD as provided by the Resolution of Formation, and the incurring of indebtedness as provided by the Resolution Deeming it Necessary to Incur Bonded Indebtedness. These propositions may be combined into a single ballot measure under section 53353.5 of the Act.
- F. A Certificate Re: Registered Voters and Landowners (the “**Certificate re: Landowners**”) has been filed with the City Clerk and submitted to the City Council, certifying that at some time during the 90 days preceding the close of the Public Hearing, there were fewer than twelve persons registered to vote within the territory of

the CFD and that as of the close of the Public Hearing there were no persons registered to vote within the territory of the CFD.

- G.** A Certificate of Clerk re: Receipt of Property Owner Waiver and Consent Forms, has been submitted by the City Clerk, stating that each landowner, or an authorized representative of each landowner, within the CFD has filed with the City Clerk a properly executed Waiver, Consent and Appointment (as defined below) in the form attached to this resolution as Exhibit B.

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 accepts the Certificate re: Landowners and finds, in accordance therewith, that there has been a time, during the 90 days preceding the close of the public hearing, when there were fewer than twelve registered voters residing within the boundaries of the CFD and that as of the close of the Public Hearing there were no persons registered to vote within the territory of the CFD. Accordingly, under section 53326(b) of the Act, the qualified electors of the CFD for the proposed special election are the owners of land within the CFD.
- Section 3.** The City Council further finds and determines that the owners of land within the CFD are the landowners set forth in the attachment to the Certificate re: Landowners and that the attachment correctly sets forth the amount of property owned by each landowner and the number of votes to which each landowner is entitled pursuant to section 53326(b), being the number of acres owned rounded up to the next whole acre.
- Section 4.** The City Council approves the form of “Waiver and Consent Shortening Time Periods and Waiving Various Requirements for Conducting a Mailed-Ballot Election and Appointment of Representative to Act for Property Owner in Voting and Casting Ballot” (the “**Waiver, Consent and Appointment**”) by which the time limits and related requirements respecting preparation and distribution of election materials are waived, a copy of which is attached to this resolution as Exhibit B. The City Council finds that the rights, procedures, and time periods waived in the Waiver, Consent and Appointment are solely for the protection of the qualified electors and may be waived by the qualified electors under section 53326(a) and 53327(b) of the Act and under other provisions of law dealing with waiver generally, and that the Waiver, Consent and Appointment constitutes a full and knowing waiver, by any qualified elector who has executed the form, of those rights, procedures and time periods.
- Section 5.** The City Council further finds and determines, based on a Certificate of Clerk re: Receipt of Property Owner Waiver and Consent Forms, provided this date by the City Clerk, that each owner of land within the CFD, or an authorized

representative of each owner of land within the CFD, has filed with the City Clerk a properly executed Waiver, Consent and Appointment. Accordingly, the City Council is establishing the procedures and time periods for this special mailed-ballot election without regard to statutory schedules.

- Section 6.** As authorized by sections 53325.7, 53326, and 53351 of the Act, the City Council hereby calls a special mailed-ballot election to be held within the boundaries of the CFD on May 12, 2015, for the purpose of submitting to the qualified electors of the CFD the propositions to levy a special tax within the CFD, to establish the appropriations limit for the CFD, and to incur indebtedness, all as provided in the Resolution of Formation and the Resolution Deeming it Necessary to Incur Bonded Indebtedness. As authorized by section 53326 of the Act, the election shall be conducted by mailed-ballot but personal service of the ballots to authorized representatives of each landowner is permitted as set forth in the Waiver, Consent and Appointment forms on file with the City Clerk. The City Clerk is directed to either mail or make personal service of the ballots, in the form of the attached to this resolution as Exhibit A, to each landowner within the CFD or, if one has been appointed pursuant to a Waiver, Consent and Appointment, to the landowner's authorized representative.
- Section 7.** As authorized by section 53353.5 of the Act, the propositions to levy a special tax within the CFD, to establish the appropriations limit for the CFD, and to incur indebtedness will be combined into a single ballot measure. The exact form of the single ballot measure to be submitted to the qualified electors of the CFD is as set forth in the form of special election ballot attached to this resolution as Exhibit A.
- Section 8.** Under the Act and Elections Code sections 307 and 320, the City Clerk is hereby designated as the official to conduct the special mailed-ballot election in accordance with the following procedures:
- (a) The special election shall be held and conducted, and the votes canvassed and the returns made, and the results determined, as provided in this resolution; and in all particulars not prescribed by this resolution the special election shall be held and conducted and the votes received and canvassed in the manner provided by law for the holding of special elections consistent with the Act.
 - (b) All owners of land within the CFD as of the close of the Public Hearing shall be qualified to vote upon the proposition to be submitted at the special election.
 - (c) The special election shall be conducted as a mailed-ballot election, in accordance with the provisions of the Act and the prior proceedings of the City Council taken under the Act, and there shall be no polling places for the special election. All ballots shall be delivered or mailed by the

City Clerk to the landowners, and all voted ballots are required to be received by the City Clerk not later than 5:00 p.m. on the date of the election in order to be counted. However, if at any time the City Clerk determines that all votes have been cast, the City Clerk shall immediately declare the election closed.

- (d) Each voter desiring to vote in favor of the proposition to be submitted at the special election shall mark a cross (x) or similar mark in the blank space next to the word "YES" on the ballot to the right of the proposition; and each voter desiring to vote against the proposition shall mark a cross (x) or similar mark in the blank space next to the word "NO" on the ballot to the right of the proposition. The cross (x) or similar mark may be marked with either pen or pencil.
- (e) The City Clerk shall commence the canvass of the returns of the special election, and report the returns to the City Council no later than the City Council meeting of May 19, 2015.
- (f) The City Council may thereupon declare the results of the special election, and shall cause to be spread upon its minutes a statement of the results of the special election as ascertained by the canvass.

Section 15. This resolution takes effect when adopted.

Table of Contents:

Exhibit A - Ballot

Exhibit B - Waiver

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT. All distinguishing marks or erasures are forbidden and make the ballot void. If you wrongly mark, tear, or deface this ballot, return it to the City Clerk and obtain another.

BALLOT MEASURE

"Shall the Sacramento City Council, acting through the Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California (the "CFD"), be authorized to incur debt with a principal amount not exceeding \$5,000,000 and to annually levy a special tax within the CFD to finance the acquisition and construction of certain public facilities and to finance certain governmental fees for public facilities, and shall the appropriations limit for the CFD during fiscal year 2015-16 be established in the amount of \$5,000,000, all as described in Resolution No. 2015-___ [Insert No. of Resolution of Formation] and Resolution No. 2015-___ [Insert No. of Resolution Deeming it Necessary to Incur], both adopted on April 23, 2015?"

MARK "YES" OR "NO"
WITH AN "X":

YES:

NO:

Certification for Special Election Ballot

The undersigned is the above-named Landowner or the authorized representative of the above-named Landowner and is a person legally authorized and entitled to cast this ballot on behalf of the above-named Landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on _____, 2015.

Signature

Print Name

EXHIBIT B
WAIVER AND CONSENT
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR CONDUCTING A MAILED-BALLOT ELECTION
AND APPOINTMENT OF REPRESENTATIVE TO ACT FOR PROPERTY OWNER
IN VOTING AND CASTING BALLOT

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

I [We], _____

(print name[s])

(referred to in this document collectively as the "Undersigned") declare [check one]:

The Undersigned are ALL of the owners...

OR

The Undersigned is the authorized representative of, and in executing this document is acting for, ALL of the owners (and has attached hereto evidence of the Undersigned's authority to act for ALL of the owners in this regard), which owners are listed here: _____

_____ (the "Owners")

of the real property listed below by Assessor's Parcel Number ("APN"), which is within the Creamery Community Facilities District No. 2015-02 (Improvements), City of Sacramento, County of Sacramento, State of California (the "Community Facilities District"). The APN's are:

The Undersigned understands that a special mailed-ballot, landowner election will be held to determine whether the authority to levy an annual special tax on property within the Community Facilities District, including the above-numbered parcels, to finance certain public facilities and certain governmental fees, and to incur indebtedness to be secured and repaid by the special tax, and to establish an appropriations limit for the Community Facilities District all as set forth in two resolutions to be considered by the City Council of the City of Sacramento on April 23, 2015 (the Resolution of Formation and the Resolution Deeming it Necessary to Incur Bonded Indebtedness), will be conferred upon that Council. The Undersigned, on behalf of the above-

referenced Owners, requests that the election be conducted at the earliest possible date. The Undersigned is the person legally entitled and authorized to cast the ballot attributable to the above-referenced parcels in the landowner, mailed-ballot election.

The Undersigned, on behalf of the above-referenced Owners, hereby waives any and all minimum time periods relative to the election pursuant to Government Code Section 53326(a).

The Undersigned, on behalf of the above-referenced Owners, hereby waives the preparation and distribution of an impartial analysis of the ballot measure, as well as arguments in favor and against, under the authority of Government Code Section 53327(b).

The Undersigned, on behalf of the above-referenced Owners, hereby waives the requirement to publish notice of the election under Government Code Section 53352.

The Undersigned, on behalf of the above-referenced Owners, hereby waives the requirements regarding the time to mail ballots to the qualified electors under Elections Code Section 4101, and agrees that either mailed service or personal service of the ballot will be sufficient.

The Undersigned, on behalf of the above-referenced Owners, hereby waives the requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5.

The Undersigned, on behalf of the above-referenced Owners, hereby waives any and all defects in notice or procedure in the conduct of the election, whether known or unknown (except the right to vote and to have the ballots fairly counted), and states that the election is being expedited, pursuant to this Waiver, Consent, and Appointment, at the particular instance and request of the Undersigned.

The Undersigned, on behalf of the above-referenced Owners, hereby consents to the levy and collection of the special tax on the above-referenced parcels and hereby waives any and all rights to challenge the inclusion of the above-referenced parcels in the Community Facilities District and any and all other proceedings related thereto.

Finally, the Undersigned, on behalf of the above-referenced Owners, hereby authorizes _____ [if the Undersigned will cast the ballot, enter "N/A"] to act in all respects for the above-listed property and for the above-referenced owners in casting the votes and executing the ballot assigned to the above-listed property.

The Undersigned declare[s] under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this Appointment and Waiver and Consent is

signed by each of the Undersigned on the date following each signature.

Signature: _____ Date: _____

Print Name: _____

[Attach Notary Certificate]