

**Meeting Date:** 6/23/2015

**Report Type:** Consent

**Report ID:** 2015-00293

**Title: Initiate Formation Proceedings for McKinley Village Community Facilities District (CFD) No. 2015-04 (Improvements)**

**Location:** District 3

**Recommendation:** Pass 1) a Resolution of Intention to establish the CFD, levy a special tax, approve the boundary map, and set the public hearing date for July 28, 2015; and 2) 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

**Presenter:** None

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Performances
- 4-Resolution of Intention
- 5-Exhibit A (Boundary Map)
- 6-Exhibit B (Authorized Facilities)
- 7-Exhibit C (List of Incidental Expenses)
- 8-McKinley Village RMA
- 9-Resolution Declaring Necessity to Incur Bonded Indebtedness

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**City Attorney Review**

Approved as to Form  
Joseph Cerullo  
6/17/2015 11:09:30 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 4/23/2015 4:24:57 PM

## Description/Analysis

**Issue Detail:** Encore McKinley Village LLC (the **Developer**), the developer of the McKinley Village development (the **Project**), has asked the City to form a community facilities district (CFD) to levy a special tax on land within the CFD and sell bonds that are repaid from the tax. The bond proceeds will partly reimburse the Developer for the cost of public infrastructure. Approving the formation of the CFD will authorize the City to sell bonds and to levy the special tax, which would also pay for associated administrative expenses.

**Policy Considerations:** The Mello-Roos Community Facilities Act of 1982 prescribes the procedures for forming the CFD (Government Code, §§ 53311-53368.3) (the **Mello-Roos Act**). 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 No. 94-491 (the **Mello-Roos Policy**).

**Environmental Considerations:** Under the California Environmental Quality Act Guidelines, formation of the CFD does not constitute a project and is therefore exempt from review. (14 Cal. Code Regs. § 15378(b)(4); *Kaufman & Broad-South Bay, Inc. v. Morgan Hill Unified School District* (1992) 9 Cal.App.4th 464.)

**Rationale for Recommendation:** The actions in the recommended resolutions are required by the Mello-Roos Act in order to initiate the process to form a CFD.

**Financial Considerations:** The Developer will initially use its own funds to finance construction of the public improvements and to pay development fees associated with public improvements. Later, if and when sufficient bond proceeds and special taxes are available, the City will reimburse the Developer in accordance 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 is anticipated to occur in the fall of 2015, depending on market conditions. Only one sale is planned.

**Local Business Enterprise (LBE):** Not applicable.

## Background

The McKinley Village Project (the **Project**) is proposed for a site that was in agricultural use and under cultivation until at least the late 1980s as part of Mize's Farm. The eastern portion of the site was planted with a peach orchard, and the remainder was regularly plowed and planted with an assortment of vegetables. The orchard was removed in late 2006.

The site has had multiple development proposals since the 1990s, including a discount shopping mall and two other residential developments with higher densities than the Project. As approved by the City Council on April 29, 2014, the Project will result in a 336-unit residential subdivision with a 4,200-square-foot recreation center, multiple neighborhood parks, and approximately 48.8 acres of open space. The Project comprises several types of housing, including single-family-detached units, condominiums, and optional second units. Construction of the financed improvements is estimated to be completed by 2016, and one bond sale is proposed.

### Purpose of the Proposed Community Facilities District

The "City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)" (the **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, or bordering the CFD's boundary. A full description of the improvements, fees, and incidental expenses is in Exhibits B and C to the Resolution of Intention to form the CFD.

### CFD Special Election Proceedings

The CFD will be formed in compliance with the Mello-Roos Community Facilities District Act of 1982, which requires a special election on the special tax. The City may not levy the tax unless at least two-thirds of the votes cast are in favor of it. Because there are no registered voters, the vote will be by landowners, with each landowner having one vote for each acre or portion of an acre owned within the CFD; there is only one landowner. The schedule for the formation proceedings is set forth on the following pages.

### Special Tax Formula

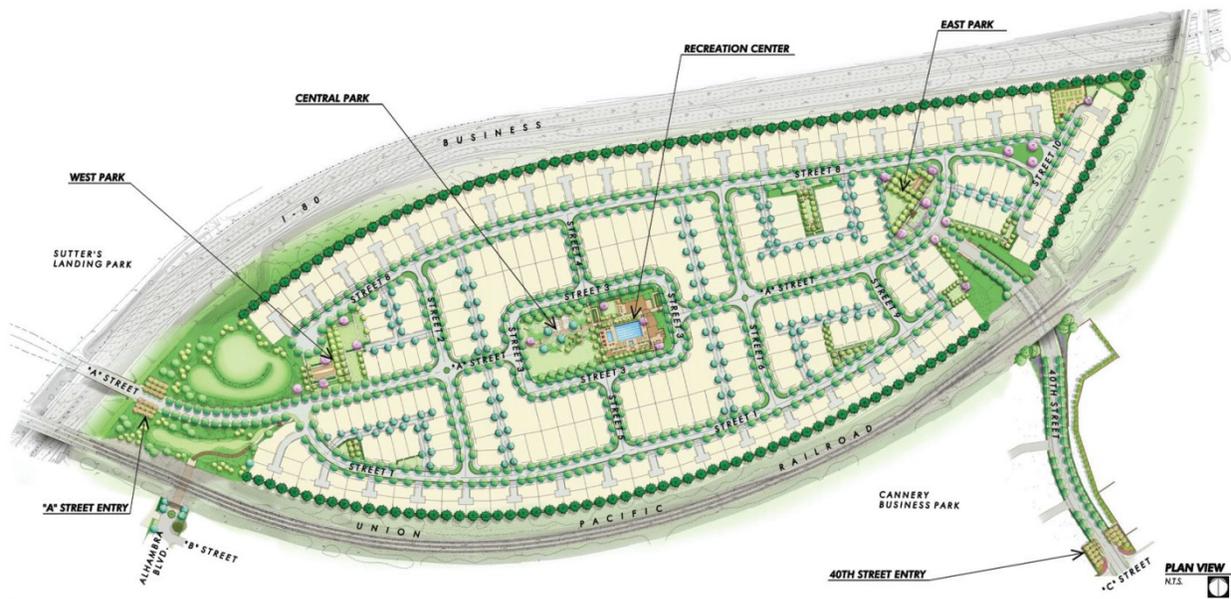
The rate and method of apportionment of the special tax (the **RMA**) is attached as Exhibit D to the Resolution of Intention to establish the CFD. The special tax is applied to both developed and undeveloped properties. The maximum special-tax rates for developed properties are shown in Exhibit D, Attachment 1, to the Resolution of Intention. Five tax zones are proposed within the CFD, each corresponding to a product type within the Project. The initial maximum annual special-tax rates for residential parcels in Fiscal Year 2015/16 range from \$900 to \$1,800 a residential unit, depending on parcel size. The initial maximum annual special-tax rate for undeveloped parcels in

FY 2015/16 is \$37,100 an acre. Each of the maximum annual special-tax rates increases 2% annually to compensate for inflation.

### Tax Burden on the Land

City policy limits the total tax-and-assessment burden on a residential parcel to 2% of the parcel's fair-market value (i.e., sales price). The price points expected in the Project result in a total tax burden, including ad valorem property taxes and all other special taxes and assessments, of less than 1.5%.

### Site Plan



## SCHEDULE OF FORMATION PROCEEDINGS

### PROPOSED MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

- |                      |  |
|----------------------|--|
| <b>June 23, 2015</b> | <b>City Council – Initiate Proceedings</b> <ul style="list-style-type: none"><li>○ Pass Resolution of Intention To Form CFD and Levy Special Tax (sets hearing date and approves boundary map)</li><li>○ Pass Resolution of Intention to Incur Bonded Indebtedness</li></ul> |
| June 24, 2015        | Mail Notice of Public Hearing & Record Boundary Map  |
| July 14, 2015        | City Council – Declaration to Reimburse Fees   |
| July 17, 2015        | Publish Notice of Hearing  |
| July 28, 2015        | City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none"><li>○ Conduct Public Hearing</li><li>○ Pass Resolution of Formation</li><li>○ Pass Resolution to Incur Debt</li><li>○ Pass Resolution Calling Special Election</li></ul>   |
| July 28, 2015        | Special Election Ballots Due   |
| August 6, 2015       | City Council <ul style="list-style-type: none"><li>○ Pass Resolution Declaring Results of Special Election</li><li>○ Pass for Publication Ordinance to Levy Tax</li></ul>  |
| August 7, 2015       | Record Notice of Special Tax   |
| August 18, 2015      | City Council <ul style="list-style-type: none"><li>○ Adopt Ordinance to Levy Special Tax</li></ul>   |

## RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

June 23, 2015

### RESOLUTION OF INTENTION TO ESTABLISH THE CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS) 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.** The City Council intends, and the City Council hereby proposes, to establish a community facilities district under the Act, to be known and designated as the “City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” (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 City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” and now on file in the office of the City Clerk (the “**Clerk**”), which map the City Council hereby approves. 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.** The City Council intends, in accordance with the Act, to finance the acquisition and construction of the public facilities listed on Exhibit B attached to this resolution (the “**Facilities**”). The City Council also intends to finance the governmentally imposed development fees listed on Exhibit B (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 and are public facilities that—

- (a) the City or other governmental agencies are authorized by law to construct, own, or operate, or to which they may contribute revenue; and
- (b) 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 the following incidental expenses: 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 establishment 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 in Exhibit C attached to this resolution.

**Section 7.** The City Council intends that, except where funds are otherwise available, a special tax will be annually levied within the CFD in amounts sufficient to finance the acquisition and construction of the Facilities and to finance the

Fees. Among other things, the special tax will be used to make 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, including the payment of interest on, and principal of, such bonds or debt; to make lease payments for Facilities (whether in conjunction with the issuance of certificates of participation or not); and to repay 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.** The City Council intends that the proposed special tax will be collected through the regular secured property-tax bills of the County of Sacramento and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular ad valorem property taxes. But 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 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; and

- (c) under no circumstances will the special tax levied on such property in any fiscal year be increased on the property, because 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.** The City Council intends, 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.** The City Council intends, 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 \$10 million.
- Section 13.** The City Council hereby fixes Tuesday, July 28, 2015, at 6:00 p.m., 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 30 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.** At the public hearing, the City Council may 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 special tax (as distinct from the maximum special tax, which may not be increased) 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 the report before approving any such modifications or any resolution forming the CFD that includes the 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 establishing 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 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 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, the mailing to be complete at least 15 days before the date set for the public hearing.

**Section 23.** This resolution takes effect when adopted.

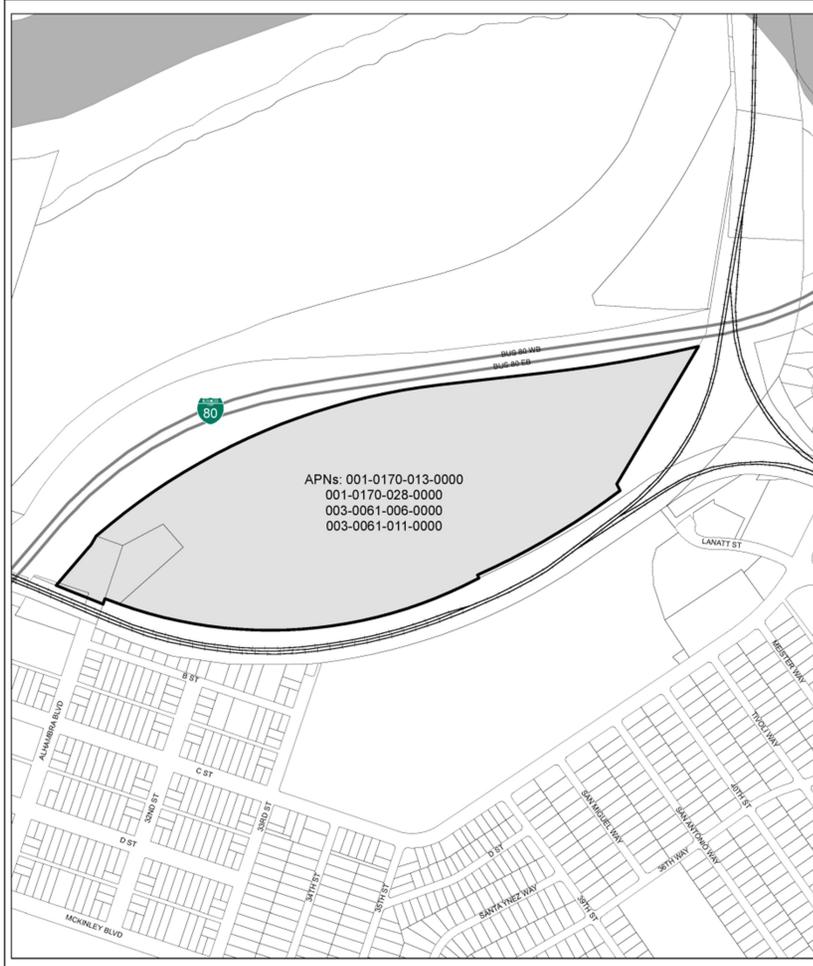
**Table of Contents:**

Exhibit A – Boundary Map

Exhibit B – List of Authorized Facilities and Fees

Exhibit C – List of Incidental Expenses

Exhibit D – Rate and Method of Apportionment



**BOUNDARY MAP  
 MCKINLEY VILLAGE COMMUNITY FACILITIES  
 DISTRICT NO. 2015-04 (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 THE BOUNDARY MAP OF MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AT A REGULAR MEETING THEREOF, HELD ON THE \_\_\_\_ DAY OF \_\_\_\_\_ 2015, BY ITS RESOLUTION NO. \_\_\_\_\_

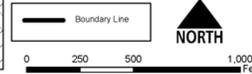
\_\_\_\_\_  
 CITY CLERK,  
 CITY OF SACRAMENTO, CALIFORNIA

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. \_\_\_\_\_



**City of SACRAMENTO**  
 Finance Department

SPECIAL DISTRICT\McKinley Village Improvements\Boundary\Map.mxd B\Meter 03/15/15

**Exhibit A**

**EXHIBIT B**

**MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04  
(IMPROVEMENTS)**

**LIST OF AUTHORIZED FACILITIES AND FEES**

<b><i>OFFSITE BACKBONE INFRASTRUCTURE (1)</i></b>	
<b><u>McKinley Village Way</u></b>	<b><u>\$ 1,094,000</u></b>
from McKinley Village to C Street	\$ 906,078
Contingency (5%)	\$ 45,304
<hr/>	
Total Hard Costs	\$ 951,382
Soft Costs (15%)	\$ 142,707
<b><u>Alhambra Sewer Force Main</u></b>	<b><u>\$ 515,000</u></b>
Sewer Force Main	\$ 426,333
Contingency (5%)	\$ 21,317
<hr/>	
Total Hard Costs	\$ 447,650
Soft Costs (15%)	\$ 67,147
<b><u>28th and A Street</u></b>	<b><u>\$ 1,290,000</u></b>
28th Street from C Street to A Street	\$ 267,117
A Street from 28th Street to A Street Bridge	\$ 801,352
Contingency (5%)	\$ 53,423
<hr/>	
Total Hard Costs	\$ 1,121,892
Soft Costs (15%)	\$ 168,284
<b><i>ONSITE BACKBONE INFRASTRUCTURE (1)</i></b>	
<b><u>McKinley Village Way</u></b>	<b><u>\$ 6,769,000</u></b>
MVW (A Street Bridge to UPRR ROW)	\$ 5,045,234
DeFOREST Way (MVW to MVW)	\$ 560,582
Contingency (5%)	\$ 280,291
<hr/>	
Total Hard Costs	\$ 5,886,107
Soft Costs (15%)	\$ 882,916
<b><u>Storm Drain Pump Station</u></b>	<b><u>\$ 1,985,000</u></b>
SDPS	\$ 1,643,515
Contingency (5%)	\$ 82,176
<hr/>	
Total Hard Costs	\$ 1,725,691
Soft Costs (15%)	\$ 258,854
<b><u>Sewer Lift Station</u></b>	<b><u>\$ 2,074,000</u></b>
SLS	\$ 1,717,422
Contingency (5%)	\$ 85,871
<hr/>	
Total Hard Costs	\$ 1,803,293
Soft Costs (15%)	\$ 270,494

Public Land Acquisition/Dedication	\$	1,000,000
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<b>TOTAL ESTIMATE FACILITIES</b>	<b>\$</b>	<b>14,727,000</b>
<i>(to the nearest \$1,000)</i>		

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**FEES (2)**

Construction Excise Tax	\$	680,642
Park Development Impact Fee	\$	1,804,872
Water Service Tap Fee	\$	431,424
Water Development Fee	\$	899,976
Water Meter Fee	\$	153,552
Quimby Fee	\$	388,200
Sacramento Regional County Sanitation Fee	\$	1,010,790
Sacramento Area Flood Control Agency's Development Fee	\$	1,293,548
Sacramento City Unified School District's School Impact Fee	\$	2,337,915
<b>Total Estimated Fees</b>	<b>\$</b>	<b>9,000,919</b>

<b>Total Estimated Facilities and Fees</b>	<b>\$</b>	<b>23,727,919</b>
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- (1) All estimated costs are based on contractors bid of preliminary plans
- (2) Fee estimates only. Actual fee amounts may differ at time of fee payment

## EXHIBIT C

### MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

#### REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES

The following list, which is not exhaustive, identifies incidental expenses that may be incurred in the proceedings for formation of the McKinley Village Community Facilities District No. 2015-04 (Improvements) (the “**CFD**”); in the construction, improvement, and acquisition of the authorized public facilities; in the financing of the authorized governmental fees; or in the related bond or debt financing. These expenses will be payable from proceeds of bonds or other debt or directly from the proceeds of the authorized special tax:

- Services of special-tax consultants
- Administrative services by City staff, including review, oversight, and administration
- Services of bond counsel and disclosure counsel
- Services of financial advisors
- Services of special-tax administrators
- Services of appraisers and market-absorption consultants
- Services of bond transfer agents, fiscal agents, registrars, paying agents, and rebate-calculation consultants
- Bond printing and the printing and mailing of a Preliminary Official Statement and Official Statement
- 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
- Any other incidental expenses of a similar nature that may be incurred from time to time with respect to the CFD

The expenses of certain recurring services relating to the CFD may be included in each annual special-tax levy, and these expenses are described in the definition of “Administrative Expenses” set forth in the Rate and Method of Apportionment of Special Tax attached to this resolution as Exhibit D.

## EXHIBIT D

### CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

#### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 and applicable to each Assessor's Parcel in the City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements) will be levied and collected according to the tax liability the City determines through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by Section F below, will be taxed for the purposes, to the extent, and in the manner herein provided.

#### A. DEFINITIONS

**“Acre” or “Acreage”** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or, if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other map recorded at the County Recorder's Office.

**“Act”** means the Mello-Roos Community Facilities Act of 1982, as amended, set forth at California Government Code §§ 53311 through 53368.3.

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

- Costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or its designee or both).
- Costs of collecting, auditing, dispersing, and accounting for the Special Tax (whether by the County, the City, or otherwise).
- Costs of remitting the Special Tax to the Trustee.
- Costs of the Trustee (including its legal counsel) in discharging its duties under the Indenture.
- Costs to the City or its designee of complying with arbitrage-rebate requirements relating to the CFD.
- Costs to the City or its designee of complying with its or any obligated person's disclosure requirements relating to the CFD.

- Costs associated with preparing disclosure statements relating to the CFD.
- Costs incurred in responding to public inquiries regarding the Special Tax.
- Costs to the City or its designee related to any appeal of the Special Taxes.
- Costs associated with the release of funds from any escrow account relating to the CFD.
- Costs to the City of issuing bonds through the CFD if not recovered from proceeds of the Bonds.
- Amounts estimated to be advanced for any other administrative purposes, including but not limited to attorney’s fees and other costs related to collection of the Special Tax or to commencing and pursuing to completion any foreclosure.

“**Administrator**” means the City official responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Tax, or that official’s designee.

“**Airspace Parcel**” means a parcel with an assigned Assessor’s Parcel Number that constitutes vertical space of the underlying land.

“**Assessor’s Parcel**” means a lot or parcel (including an Airspace Parcel) that is shown in an Assessor’s Parcel Map and has an assigned Assessor’s Parcel Number.

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

“**Assessor’s Parcel Number**” means the number assigned to an Assessor’s Parcel by the County Assessor for purposes of identification.

“**Authorized Facilities**” means the facilities and fees authorized to be funded through the CFD.

“**Bonds**” means any debt (as defined in the Act) that is related to Authorized Facilities and is issued, insured, or assumed through the CFD, whether in one or more series.

“**Buildable Lot**” means an individual lot of Taxable Property shown on a Final Map for which a Building Permit may be issued to develop one or more Residential Units without further subdivision of the lot. For single-family attached units that will ultimately be Airspace Parcels, “Buildable Lot” means each Airspace Parcel that is expected on the underlying lot, determined by reference to the condominium plan or other similar plan for the building to be constructed on the lot. A lot that is designated as Non-Residential Property is not a Buildable Lot and thus will be taxed as Undeveloped Property until it becomes Developed Property.

“**Building Permit**” means a single permit or set of permits required to construct a residential or non-residential structure. If a permit is issued for a foundation, parking, landscaping, or other

similar facility or amenity but a building permit has not yet been issued for the structure to be served by the facility or amenity, then the permit for the facility or amenity will not be considered a “Building Permit” for purposes of levying the Special Tax.

“**Capitalized Interest**” means funds in any capitalized-interest account available to pay debt service on Bonds.

“**CFD**” means the City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements).

“**City**” means the City of Sacramento, California.

“**City Council**” means the Sacramento City Council.

“**County**” means the County of Sacramento, California.

“**Developed Property**” means, in any Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued before June 1 of the preceding Fiscal Year.

“**Development Class**” means, individually, Developed Property, Final Map Property, and Undeveloped Property.

“**Exempt Property**” means any of the following:

- Public Property, except as otherwise authorized by §§ 53317.3 or 53317.5 of the Act.
- Property owned by the Homeowners Association that was designated on the Tentative Map for any use other than Residential Property, such as open space, park, and recreation center.
- Assessor’s Parcels that are owned by a public utility and developed with an unoccupied facility.
- Assessor’s Parcels that are subject to an easement or other instrument that precludes any use other than the use set forth in the easement.
- Assessor’s Parcels in the large-lot parcel map that are designated as a park site, school site, or other site that will ultimately be owned by a public agency.

“**Expected Residential Unit Count**” means 24 Residential Units in Tax Zone 1, 56 Residential Units in Tax Zone 2, 90 Residential Units in Tax Zone 3, 84 Residential Units in Tax Zone 4, and 82 Residential Units in Tax Zone 5. Alternatively, as determined by the Administrator, “Expected Residential Unit Count” means the number of allowed Residential Units in the applicable Tax Zone based on the Tentative Map as updated by subsequent Final Maps.

**“Final Map”** means a final map or portion of a final map, approved by the City under the Subdivision Map Act (California Government Code § 66410 *et seq.*), that creates Buildable Lots. “Final Map” does not include (1) any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map, or any portion of such a map, that does not create Buildable Lots; and (2) Assessor’s Parcels designated as Remainder Parcels.

**“Final Map Property”** means, in any Fiscal Year, all Assessor’s Parcels within the CFD (a) for which a Final Map was recorded before June 1 of the preceding Fiscal Year and (b) that have not yet become Developed Property.

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

**“Homeowners Association”** means the homeowners association (including any master or sub-association) that provides services to, and collects dues, fees, or charges from, owners of property within the CFD.

**“Indenture”** means the bond indenture, fiscal-agent agreement, trust agreement, resolution, or other instrument under which Bonds are issued, as amended or supplemented from time to time, and any instrument replacing, amending, or supplementing the same.

**“Maximum Special Tax”** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax Revenues”** means the aggregate Maximum Special Tax that can be levied on all Taxable Property in any given Fiscal Year.

**“Non-Residential Property”** means Developed Property that is not Residential Property.

**“Prepayment Parcel”** means an Assessor’s Parcel or a Buildable Lot for which the Prepayment Amount determined under Section G below has been partially or fully prepaid.

**“Proportionately”** means the following:

- For Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Developed Property.
- For Final Map Property, that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Final Map Property.
- For Undeveloped Property, that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Undeveloped Property.

**“Public Property”** means any property within the CFD that is owned by the City, the County, the State of California, the federal government, or other public agency, except that any property leased by a public agency to a private entity and subject to taxation under § 53340.1 of the Act

will be taxed and classified in accordance with its use. Privately owned property will be considered Public Property if its development is otherwise constrained by public use and necessity through an easement, a lease, or a license.

**“Remainder Parcel”** means an Assessor’s Parcel that is created by the recordation of a Final Map but has not been mapped for final development approval. A Remainder Parcel may contain taxable or tax-exempt uses.

**“Required Coverage”** means the amount by which the Maximum Special Tax Revenues must exceed debt service for the Bonds and required Administrative Expenses, as set forth in the Indenture, Certificate of Special Tax Consultant, or other CFD formation document or bond document that identifies the minimum required debt-service coverage.

**“Residential Property”** means all Taxable Property for which a Building Permit has been or may be issued for constructing one or more Residential Units.

**“Residential Unit”** means a single-family-detached unit or an attached individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work structure, or apartment structure. A second unit (granny flat) that shares an Assessor’s Parcel with a single-family-detached unit is not a Residential Unit for purposes of levying the Special Tax.

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

**“Special Tax”** means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

**“Special Tax Requirement”** means the amount necessary in any Fiscal Year (1) to pay principal and interest on Bonds due in the calendar year that begins in the Fiscal Year; (2) to create or replenish reserve funds to the extent replenishment has not been included in the computation of Special Tax Requirement in a previous Fiscal Year; (3) to cure any delinquencies in the payment of principal or interest on Bonds that has occurred in the prior Fiscal Year; (4) to pay Administrative Expenses; and (5) to pay the costs of Authorized Facilities not funded by Bonds, as allowed by an acquisition-and-shortfall agreement with the City. The Special Tax Requirement may include reductions in the calculation in any Fiscal Year by interest earnings on, or surplus balances in, funds and accounts for the Bonds to the extent that the earnings or balances are available to apply against debt service in accordance with the Indenture or other relevant document; by proceeds from the collection of penalties associated with delinquent Special Taxes; and by any other revenues available to pay debt service on the Bonds, as determined by the Administrator.

**“Tax Zone”** means an area within which particular Special Tax rates may be levied under this RMA. Attachment 1 identifies the Tax Zones in the CFD.

**“Tax Zone 1”** means the area within the CFD that is identified in Attachment 1 as Tax Zone 1.

**“Tax Zone 2”** means the area within the CFD that is identified in Attachment 1 as Tax Zone 2.

“**Tax Zone 3**” means the area within the CFD that is identified in Attachment 1 as Tax Zone 3.

“**Tax Zone 4**” means the area within the CFD that is identified in Attachment 1 as Tax Zone 4.

“**Tax Zone 5**” means the area within the CFD that is identified in Attachment 1 as Tax Zone 5.

“**Taxable Property**” means all property within the CFD that is not Exempt Property.

“**Tentative Map**” means the tentative map for McKinley Village that was approved by the City Council on April 29, 2014, including any adjustments or amendments to that map that were approved before CFD formation.

“**Trustee**” means the trustee under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property not classified as Developed Property or Final Map Property.

## **B. DATA FOR ADMINISTRATION OF SPECIAL TAX**

On or about July 1 of each Fiscal Year, the Administrator shall identify the Special Tax Requirement for the Fiscal Year. The Administrator shall also determine the following for each Assessor’s Parcel: (1) the current Assessor’s Parcel Number for the Assessor’s Parcel; (2) the Tax Zone in which it is located; and (3) whether it is Developed Property, Final Map Property, or Undeveloped Property.

In any Fiscal Year, if the Administrator determines—

- that a Final Map or other map for an Assessor’s Parcel within the CFD was recorded after January 1 of the prior Fiscal Year (or on any other date after which the County Assessor will not incorporate the newly created parcels into the then-current tax roll);
- that because of the date the map was recorded, the County Assessor does not yet recognize the new parcels created by the map; and
- that one or more of the newly created parcels is in a different Development Class from other parcels created by the map,

then the Administrator shall calculate the Special Tax for the property affected by recordation of the map by determining the Special Tax that applies separately to the property within each Development Class and then applying the sum of the individual Special Taxes to the Assessor’s Parcel that was subdivided by recordation of the map.

**C. MAXIMUM SPECIAL TAX**

**1. Developed Property**

The following Maximum Special Tax rates apply to all Developed Property for each Fiscal Year in which the Special Tax is collected:

**DEVELOPED PROPERTY  
MAXIMUM SPECIAL TAX**

Land Use	Maximum Special Tax Developed Property (Fiscal Year 2015-16)*
<i><b>Tax Zone 1</b></i>	
Residential Property	\$1,250 per Residential Unit
Non-Residential Property	\$18,750 per Acre
<i><b>Tax Zone 2</b></i>	
Residential Property	\$1,800 per Residential Unit
Non-Residential Property	\$17,380 per Acre
<i><b>Tax Zone 3</b></i>	
Residential Property	\$1,400 per Residential Unit
Non-Residential Property	\$16,160 per Acre
<i><b>Tax Zone 4</b></i>	
Residential Property	\$1,050 per Residential Unit
Non-Residential Property	\$15,210 per Acre
<i><b>Tax Zone 5</b></i>	
Residential Property	\$900 per Residential Unit
Non-Residential Property	\$13,180 per Acre

**\* On July 1, 2016, and on each July 1 thereafter, the Maximum Special Tax rates shown above will be increased by 2% of the amount in effect in the previous Fiscal Year.**

**2. Final Map Property/Mandatory Prepayment**

The following Maximum Special Tax rates apply to all Final Map Property for each Fiscal Year in which the Special Tax is collected:

**FINAL MAP PROPERTY  
MAXIMUM SPECIAL TAX**

Tax Zone	Maximum Special Tax Final Map Property (Fiscal Year 2015-16)*
Tax Zone 1	\$1,250 times the number of Residential Units from the Expected Residential Unit Count for the zone that is anticipated on the Parcel
Tax Zone 2	\$1,800 times the number of Residential Units from the Expected Residential Unit Count for the zone that is anticipated on the Parcel
Tax Zone 3	\$1,400 times the number of Residential Units from the Expected Residential Unit Count for the zone that is anticipated on the Parcel
Tax Zone 4	\$1,050 times the number of Residential Units from the Expected Residential Unit Count for the zone that is anticipated on the Parcel
Tax Zone 5	\$900 times the number of Residential Units from the Expected Residential Unit Count for the zone that is anticipated on the Parcel

**\* On July 1, 2016, and on each July 1 thereafter, the Maximum Special Tax rates shown above will be increased by 2% of the amount in effect in the previous Fiscal Year.**

If, in any Fiscal Year after the City has issued Bonds, a Final Map is proposed that results in a reduction in the Expected Residential Unit Count in the area affected by the Final Map, then the Administrator shall apply the following steps:

- Step 1.** The Administrator shall calculate the Maximum Special Tax Revenues based on the Expected Residential Unit Count *before* the proposed reduction.
- Step 2.** The Administrator shall calculate the Maximum Special Tax Revenues assuming approval of the Final Map that reduces the Expected Residential Unit Count.
- Step 3.** If the Maximum Special Tax Revenues calculated in Step 2 are less than those calculated in Step 1 and are not sufficient to maintain Required Coverage, then the owner of the property affected by the Final Map must prepay an amount sufficient to retire a portion of the Bonds and maintain Required Coverage. The required prepayment must be determined using the formula set forth in Section G below. If the City does not receive the mandatory prepayment before the issuance of the first Building Permit for property within the Final Map that resulted in the reduction in the Expected Residential Unit Count, then the Administrator shall levy the amount of the

mandatory prepayment on any of the landowner's Final Map Property or Undeveloped Property, and, if this amount exceeds the Maximum Special Tax, it will nonetheless be authorized and will not be deemed to exceed the "maximum special tax" as that term is used in the Act.

No mandatory prepayment will be required (a) if the Maximum Special Tax Revenues calculated in Step 2 are less than those calculated in Step 1 and the revenues calculated in Step 2 are sufficient to maintain Required Coverage; or (b) if the amount calculated in Step 2 is higher than that calculated in Step 1.

### **3. Undeveloped Property**

The Maximum Special Tax rates for Undeveloped Property in Fiscal Year 2015-16 are \$18,750 per Acre for Tax Zone 1, \$17,380 per Acre for Tax Zone 2, \$16,160 per Acre for Tax Zone 3, \$15,210 per Acre for Tax Zone 4, and \$13,180 per Acre for Tax Zone 5. On July 1, 2016, and on each July 1 thereafter, the Maximum Special Tax rates for Undeveloped Property will be increased by 2% of the amount in effect in the previous Fiscal Year.

#### **D. METHOD OF LEVY OF SPECIAL TAXES**

Each Fiscal Year, the Administrator shall determine the Special Tax Requirement to be collected in that Fiscal Year. The City shall then levy the Special Tax according to the following steps:

- Step 1.** The Special Tax will be levied Proportionately on Developed Property up to 100% of the Maximum Special Tax for each Assessor's Parcel until the amount levied is equal to the Special Tax Requirement before applying Capitalized Interest that is available under the Indenture.
- Step 2.** If additional revenue is needed after Step 1 to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax will be levied Proportionately on all Final Map Property up to 100% of the Maximum Special Tax for Final Map Property.
- Step 3.** If additional revenue is needed after Step 2 to meet the Special Tax Requirement, the Special Tax will be levied Proportionately on all Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property.
- Step 4.** If additional revenue is needed after Step 3 to meet the Special Tax Requirement, the Special Tax will be levied Proportionately on all Public Property, exclusive of property exempt from the Special Tax under Section F below, up to 100% of the Maximum Special Tax for Undeveloped Property within the Tax Zone in which the Public Property is located.

Notwithstanding the above, under no circumstances will the Special Tax levied on any Residential Property for which a Building Permit has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other property in the CFD.

## **E. MANNER OF COLLECTION OF SPECIAL TAXES**

Special Taxes will be collected in the same manner and at the same time as ordinary ad valorem property taxes, except that (1) prepayments are permitted as set forth in Section G below; and (2) the City may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax will be levied and collected until principal and interest on all Bonds have been repaid and the Authorized Facilities to be constructed directly from Special Tax proceeds have been completed. But in no event will the Special Tax be levied after Fiscal Year 2055-56.

## **F. EXEMPTIONS**

Notwithstanding any other provision of this RMA, the Special Taxes will not be levied in any Fiscal Year on Exempt Property or on Prepayment Parcels that have fully prepaid the Special Tax obligation.

## **G. PREPAYMENTS**

**1. Definitions.** The following definitions apply only to this Section G:

**“Construction Fund”** means the account (regardless of its name) identified in the Indenture to hold funds that are currently available to acquire or construct Authorized Facilities.

**“Optional Prepayment”** means a prepayment of the Special Tax, other than a mandatory prepayment under Section C.2, that is calculated using the formula in this Section G.

**“Outstanding Bonds”** means all Previously Issued Bonds that remain outstanding, with the following exception: if a Special Tax has been levied against, or has already been paid for, an Assessor’s Parcel for which a prepayment is to be made, and if a portion of the Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), then the next principal payment will be subtracted from the total principal of Bonds that remains outstanding, and the difference will be used as the amount of Outstanding Bonds for purposes of calculating the Prepayment Amount.

**“Previously Issued Bonds”** means all Bonds that have been issued before the date of prepayment.

**“Public Facilities Requirement”** means either (a) \$7.5 million in 2015 dollars, increased 2% annually on each July 1 beginning July 1, 2016; or (b) such other number as the City determines in its sole discretion to be sufficient both to fund the Authorized Facilities and to treat all owners of Taxable Property within the CFD fairly and equitably.

“**Remaining Facilities Costs**” means the Public Facilities Requirement minus public-facility costs funded by Previously Issued Bonds or by Special Taxes.

## 2. Full Prepayment

The Special Tax obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel for the Special Tax permanently satisfied as described in this Section G.2, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to the Assessor’s Parcel at the time of prepayment. An owner of a Assessor’s Parcel intending to prepay the Special Tax obligation must provide the City with written notice of intent to prepay. Within 30 days after receipt of a written notice of intent to prepay, the City or its designee shall notify the owner of the amount required to fully prepay the Special Tax obligation for the Assessor’s Parcel (the “**Prepayment Amount**”). Prepayment must be made not less than 75 days before any redemption date for Bonds to be redeemed with the proceeds of the prepaid Special Taxes. Under no circumstance will a prepayment be allowed that would reduce debt-service coverage below the Required Coverage. The Prepayment Amount will be calculated as follows (capitalized terms as defined above or below):

The Bond Redemption Amount

- *plus* the Remaining Facilities Amount
- *plus* the Redemption Premium (if applicable)
- *plus* the Defeasance Requirement
- *plus* the Administrative Fees and Expenses
- *less* the Proportionate Reserve Fund Credit

*equals* the Prepayment Amount

As of the proposed date of prepayment, the Administrator shall calculate the Prepayment Amount by applying the following steps:

- Step 1.** Calculate the Maximum Special Tax to be prepaid for the Assessor’s Parcel based on the Expected Residential Unit Count for the Assessor’s Parcel. If this Section G is being applied to calculate a prepayment under Section C.2 above, then use, for purposes of this Step 1, the amount by which the Maximum Special Tax Revenues have been reduced below the amount needed to maintain Required Coverage due to the change in land use that necessitated the prepayment.
- Step 2.** Divide the Maximum Special Tax calculated under Step 1 by the Maximum Special Tax Revenues that could be generated at buildout of property in the CFD based on the Expected Residential Unit Count at the time the prepayment is calculated.
- Step 3.** Multiply the quotient calculated under Step 2 by the principal amount of the Outstanding Bonds to calculate the amount of Outstanding Bonds to be retired and prepaid (the “**Bond Redemption Amount**”).
- Step 4.** Calculate the current Remaining Facilities Costs (if any).

- Step 5.** Multiply the quotient calculated under Step 2 by the amount calculated under Step 4 to calculate the amount of Remaining Facilities Costs to be prepaid (the “**Remaining Facilities Amount**”).
- Step 6.** Multiply the Bond Redemption Amount calculated under Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “**Redemption Premium**”).
- Step 7.** Calculate the amount needed to pay interest on the Bond Redemption Amount starting with the last Bond interest-payment date on which interest has been or will be paid by Special Taxes already levied until the earliest redemption date for the Outstanding Bonds. If Bonds are callable at or before the last Bond interest-payment date on which interest has been or will be paid by Special Taxes already levied, then Steps 7, 8, and 9 of this prepayment formula will not apply.
- Step 8.** Calculate the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest-payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9.** Subtract the amount calculated under Step 8 from the amount calculated under Step 7 (the “**Defeasance Requirement**”).
- Step 10.** Calculate the Administrative Expenses associated with the prepayment, including the costs of determining the prepayment, redeeming Bonds, and recording any notices to evidence the prepayment and the redemption (the “**Administrative Fees and Expenses**”).
- Step 11.** If, when the prepayment is determined, the reserve fund is greater than or equal to the reserve requirement, then, to the extent so provided in the Indenture, calculate a proportionate reserve-fund credit as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed with the prepayment (the “**Proportionate Reserve Fund Credit**”).
- Step 12.** The Prepayment Amount is equal to the sum of the amounts calculated under Steps 3, 5, 6, 9, and 10 minus the amount calculated under Step 11.
- Step 13.** From the Prepayment Amount, the amounts calculated under Steps 3, 6, and 9 will be deposited into the appropriate fund as established under the Indenture and will be used to retire Outstanding Bonds or make debt-service payments. The amount calculated under Step 5 will be deposited into the Construction Fund. The amount calculated under Step 10 will be retained in the account or fund that is established to pay Administrative Expenses.

Once a full prepayment has been received, a Notice of Cancellation of Special Tax Lien will be recorded against the affected Assessor’s Parcel, except that a Notice of Cancellation of Special

Tax Lien will not be recorded until all Special Taxes levied on the affected Assessor's Parcel in the current or prior Fiscal Years have been collected.

### **3. Partial Prepayment**

The Special Tax on an Assessor's Parcel or Buildable Lot for which a certificate of occupancy has not yet been issued or a final inspection has not been conducted may be partially prepaid (a "**Partial Prepayment**"). However, a Partial Prepayment must be made in an amount equal to 25% or 50% of the amount of the full Prepayment Amount calculated under Section G.2 above. In calculating a Partial Prepayment, the Administrator shall round up the amount required for the Partial Prepayment in order to redeem whole bonds, including any redemption premium.

Only one Partial Prepayment is permitted for each Assessor's Parcel or Buildable Lot, and a Partial Prepayment will not be accepted for an Assessor's Parcel or Buildable Lot after a certificate of occupancy has been issued or a final inspection completed for that Assessor's Parcel or Buildable Lot.

The owner of an Assessor's Parcel or Buildable Lot who desires to make a Partial Prepayment must notify the Administrator of the percentage of the Special Tax to be prepaid. The Administrator shall provide the owner with a statement of the amount required for the Partial Prepayment within 30 days after receiving the request and may charge a fee for providing this service. With respect to any Special Tax that is partially prepaid on an Assessor's Parcel or Buildable Lot, the Administrator shall (a) distribute the remitted prepayment funds according to Section G.2 above and (b) indicate in the records of the CFD that there has been a Partial Prepayment of the Special Tax and that a portion of the Special Tax with respect to the Assessor's Parcel or Buildable Lot, equal to the non-prepaid percentage of the Maximum Special Tax, will continue to be levied on the Assessor's Parcel or Buildable Lot according to Section D.

Once a Partial Prepayment has been received, an Amendment to Special Tax Lien will be recorded against the affected Assessor's Parcel or Buildable Lot. However, an Amendment to Special Tax Lien will not be recorded until all Special Taxes levied on the affected Assessor's Parcel or Buildable Lot in the current or prior Fiscal Years have been collected.

### **4. Prepayment Restrictions**

Optional Prepayment of the Special Tax in accordance with this Section G is not permitted if it would reduce debt-service coverage below the Required Coverage.

## **H. RECORDS MAINTAINED FOR THE CFD**

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

- The current Assessor's Parcel Number
- The current Final Map status for the Assessor's Parcel

- The current Building Permit status for the Assessor's Parcel
- The designated and existing uses for the Assessor's Parcel
- The total number of Residential Units assigned to the Assessor's Parcel
- The Maximum Special Tax assigned to the Assessor's Parcel
- Prepayments, including prepayments for Assessor's Parcels that have fully or partially the Special Tax

#### **I. INTERPRETATION OF SPECIAL TAX FORMULA**

The City Council may, by resolution, interpret this RMA for purposes of clarifying any vagueness or ambiguity in the Special Tax rates, method of apportionment, classification of properties, and definitions applicable to the CFD. The City Council's interpretation will be conclusive.

#### **J. APPEALS**

A taxpayer who believes that the amount of the Special Tax assigned to the taxpayer's Assessor's Parcel is in error may file a notice with the Administrator, who will then promptly review the appeal and, if necessary, meet with the taxpayer. If the Administrator determines that the Special Tax should be modified, then the Special Tax levy will be corrected and, if applicable, a credit or refund will be granted. The Administrator may do the following without the City Council's approval:

- (1) Interpret this RMA for purposes of clarifying matters as they relate to the Special Tax rate, the method of apportionment, the classification of properties, or the definitions applicable to the CFD.
- (2) Make minor, non-substantive administrative and technical changes to this RMA for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law, but only if the changes do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax.

**ATTACHMENT 1**

**CITY OF SACRAMENTO  
MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04  
(IMPROVEMENTS)**

**IDENTIFICATION OF TAX ZONES**

# ATTACHMENT 1

CITY OF SACRAMENTO

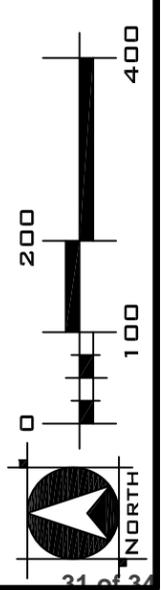
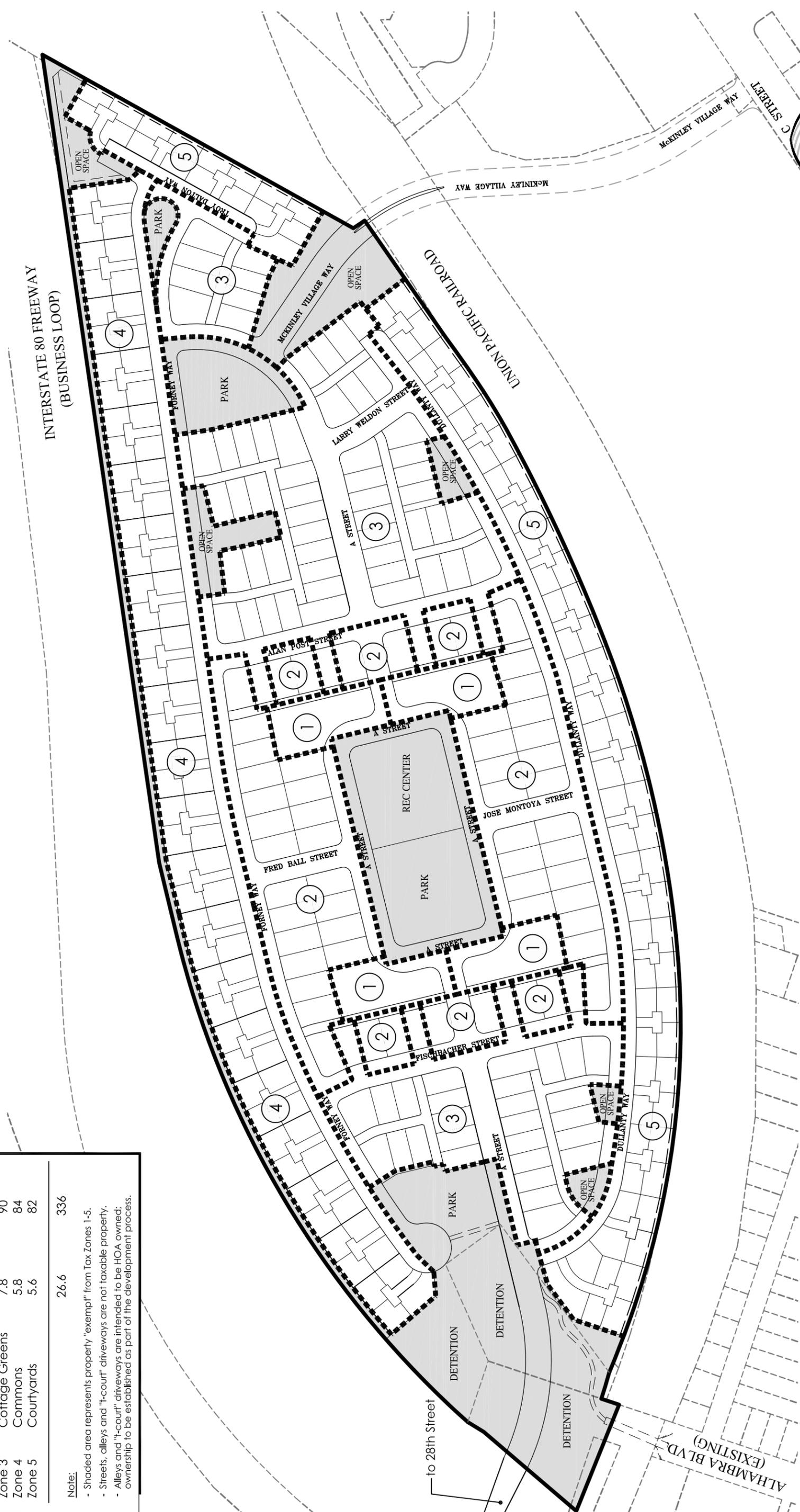
MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

## IDENTIFICATION OF TAX ZONES

### TAX ZONE SUMMARY

ZONE	LOT TYPE / SIZE	ACREAGE	UNIT TOTAL
Zone 1	Parkside Flats	1.6	24
Zone 2	Park Homes	5.8	56
Zone 3	Cottage Greens	7.8	90
Zone 4	Commons	5.8	84
Zone 5	Courtyards	5.6	82
		<b>26.6</b>	<b>336</b>

- Note:
- Shaded area represents property "exempt" from Tax Zones 1-5.
  - Streets, alleys and "i-court" driveways are not taxable property.
  - Alleys and "i-court" driveways are intended to be HOA owned; ownership to be established as part of the development process.



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## RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

June 23, 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 THE CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

#### BACKGROUND

The City Council duly adopted Resolution No. 2015-\_\_\_\_\_ (the “**Resolution of Intention**”) on this date, thereby declaring its intention (a) 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 the “City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” (the “**CFD**”); and (b) to levy a special tax within the CFD to finance the acquisition and construction of certain public facilities (the “**Facilities**”) and to finance certain governmental fees for public facilities (the “**Fees**”), all as set out in the Resolution of Intention.

#### 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 the incurring of bonded indebtedness 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 the following incidental expenses: 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 establishing 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 \$10 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 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 of the Debt; election costs; and all costs of issuance or incurrence of the Debt, including 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.** The City Council hereby fixes Tuesday, July 28, 2015, at 6:00 p.m., 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 City Clerk) a Notice of Public Hearing in the form required by the Act, the 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 (i.e., may be redeemed or prepaid before maturity) in accordance with the Act.

**Section 7.** This resolution takes effect when adopted.