

**Meeting Date:** 7/28/2015

**Report Type:** Public Hearing

**Report ID:** 2015-00294

**Title: Formation of the McKinley Village Community Facilities District (CFD) No. 2015-04  
(Noticed on 07/17/2015)**

**Location:** District 3

**Recommendation:** Conduct a public hearing and upon conclusion pass 1) a Resolution of Formation to establish the McKinley Village Community Facilities District and provide for the levy a special tax; 2) a Resolution Deeming It Necessary to Incur Bonded Indebtedness; and 3) a Resolution Calling a Special Mailed-Ballot Election.

**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 Proceedings

04-Resolution of Formation

05-Exhibit A - Hearing Report

06-Exhibit B- Boundary Map

07-Exhibit C-Authorized Facilities

08-Exhibit D- List of Incidental Expenses

09-Exhibit E - RMA

10-Resolution Deeming It Necessary to Incur Bonded Indebtedness

11-Resolution Calling Special Mailed Ballot Election - City of

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**City Attorney Review**

Approved as to Form

Joseph Cerullo

7/22/2015 4:38:08 PM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 7/8/2015 1:03:27 PM

## Description/Analysis

**Issue Detail:** Encore McKinley Village LLC (Developer), the developer of the McKinley Village development (Project), has asked the City to form a community facilities district (CFD) to levy a special tax on the Developer's land and sell bonds to be repaid by the tax. The bond proceeds will partly reimburse the Developer for the cost of public infrastructure. Approval of the formation will authorize the City to sell bonds and to levy the special tax. City administrative expenses are included in the special tax.

**Policy Considerations:** The Mello-Roos Community Facilities Act of 1982 prescribes the procedures for forming the CFD (Government Code, §§ 53311-53368.3) (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 (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 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 consistent with the City's Mello-Roos Policy and with associated agreements. The bond proceeds and special taxes will be used for the sole purposes of (a) funding construction-cost and development-fee reimbursements to the Developer and (b) paying the City's administrative expenses. This may be done from bond proceeds, directly from special taxes on a pay-as-you-go basis, or from a combination of proceeds and 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.

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

## **Background**

The McKinley Village Project (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 and multiple neighborhood parks. 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.

### **Purpose of the Proposed Community Facilities District**

The City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements) (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 C and D to the Resolution of Formation.

### **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 residing within the CFD, the vote will be by landowners, with each landowner (in this case, just one) having one vote for each acre or portion of an acre owned within the CFD. The schedule for the formation proceedings is set forth on the following pages.

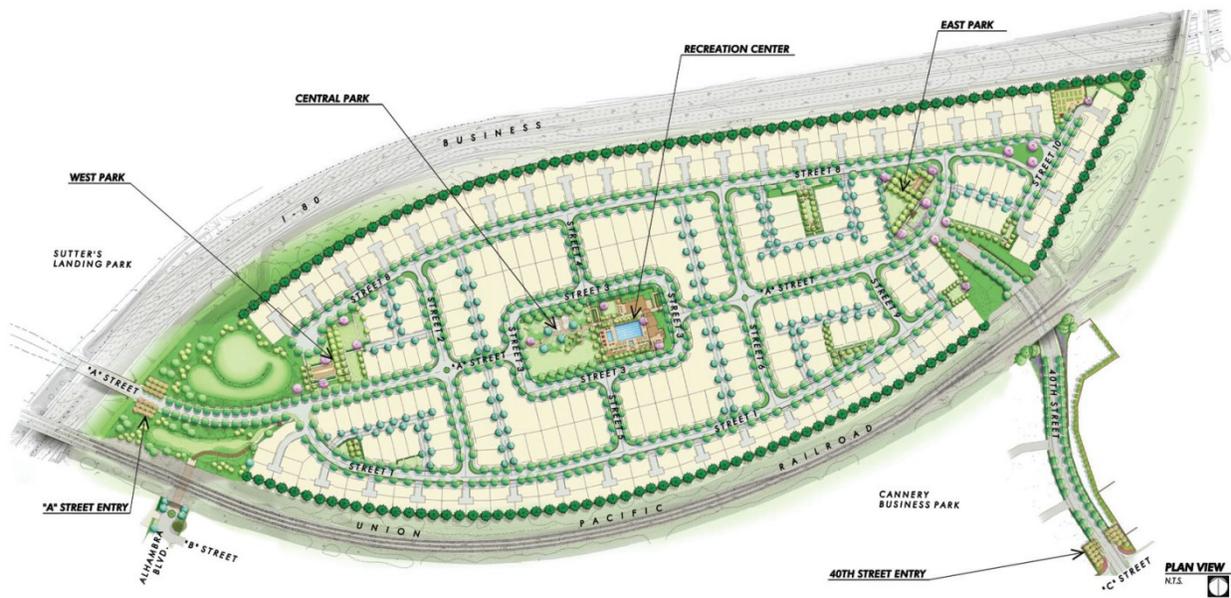
### **Special Tax Formula**

The rate and method of apportionment of the special tax (RMA) is attached as Exhibit E to the Resolution of Formation establishing the CFD. The special tax is applied to both developed and undeveloped properties. 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 between \$13,180 and \$18,750 an acre, depending on the tax zone. 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 actual practice has, in fact, been a burden on 1.7%. 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

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

- June 23, 2015 City Council – Initiate Proceedings
- 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
- 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**
- **Conduct Public Hearing**
  - **Pass Resolution of Formation**
  - **Pass Resolution to Incur Debt**
  - **Pass Resolution Calling Special Election**
- July 28, 2015 Special Election Ballots Due (immediately following public hearing)
- August 6, 2015 City Council
- Pass Resolution Declaring Results of Special Election
  - Pass for Publication Ordinance to Levy Tax
- August 7, 2015 Record Notice of Special Tax
- August 18, 2015 City Council – Adopt Ordinance to Levy Special Tax

## RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

July 28, 2015

### RESOLUTION OF FORMATION ESTABLISHING THE CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS) 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, June 23, 2015, the City Council duly adopted Resolution No. 2015-0197 (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 “City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” (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 governmentally imposed development fees used to finance public facilities.
- B. In the Resolution of Intention, the City Council fixed Tuesday, July 28, 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 “**RMA**”); 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.
- C. 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, attached as Exhibit A to this resolution and made a part of the record of the Public Hearing.
- D. 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 “Boundary Map McKinley Village Community Facilities District No. 2015-04

(Improvements), City of Sacramento, County of Sacramento, State of California” (the “**Boundary Map**”) and set forth in Exhibit B to the Resolution of Intention (the same Exhibit B is also attached to this resolution). The Boundary Map was recorded on June 26, 2015, in Book 118 at Page 0029 of the Book of Maps of Assessment and Community Facilities Districts maintained by the Sacramento County Clerk/Recorder.

- E.** On July 28, 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 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 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.** On file with the City Clerk are (1) a proof of publication of the Notice of Public Hearing in the *Sacramento Bulletin* and (2) 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 into this resolution.
- 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 any 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 C 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 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.

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 D attached to this resolution.

**Section 6.** The RMA, which includes the maximum annual Special Tax, is set forth on Exhibit E attached to this resolution. Exhibit E 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. 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 2% each year;
- (b) the Special Tax will not be levied against such property after fiscal year 2055-56 (but a Special Tax lawfully that is 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 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 below 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, and the 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, principal of, and 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 section 53340.1 of the Act, 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 section 53325.7 of the Act, 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 \$10 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 is not 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 section 53329.5(a) of the Act 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 number (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 section 53340.2 of the Act.

**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.

Table of Contents:

- Exhibit A – Hearing Report
- Exhibit B – Boundary Map
- Exhibit C – List of Authorized Facilities
- Exhibit D – List of Incidental Expenses
- Exhibit E - RMA

**EXHIBIT A**

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

**HEARING REPORT**

**EXHIBIT B**

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

**BOUNDARY MAP**

**EXHIBIT C**

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

**LIST OF AUTHORIZED FACILITIES AND FEES**

## **EXHIBIT D**

### **CITY OF SACRAMENTO 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 of 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 E.

**EXHIBIT E**

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

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

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

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- A. Identification of Facilities and Cost Estimates
- B. Description of Incidental Expenses
- C. Proposed Boundaries of the Community Facilities District
- D. Rate and Method of Apportionment of Special Tax
- E. Issuance of Bonds

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Exhibit A – List of Authorized Facilities and Fees

Exhibit B – Representative Listing of Incidental Expenses

Exhibit C – Rate and Method of Apportionment of Special Tax

Exhibit D – Maximum Special Tax Rates for Developed Parcels

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

**INTRODUCTION**

The City Council (the “**City Council**”) of the City of Sacramento (the “**City**”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “**Act**”), on June 23, 2015, adopt a resolution entitled, “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” (the “**Resolution of Intention**”). In the Resolution of Intention, the City Council expressly ordered the preparation of a written Community Facilities District Report (the “**Report**”) for the proposed City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements) (the “**CFD**”).

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

(a) A description of the facilities (the “**Facilities**”) by type which will be required to adequately meet the needs of the CFD.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

For particulars, reference is made to the Resolution of Intention for the CFD, as previously approved and adopted by the City Council.

**NOW, THEREFORE**, the following data is submitted pursuant to the direction of the City Council:

- A. IDENTIFICATION OF FACILITIES AND COST ESTIMATES.** A list of the proposed Facilities and cost estimates is provided in Exhibit “A” attached hereto and hereby made a part hereof.
- B. DESCRIPTION OF INCIDENTAL EXPENSES.** A general description of the incidental expenses is provided in Exhibit “B” attached hereto and hereby made a part hereof.
- C. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT.** The proposed boundaries of the CFD are those properties and parcels on which special taxes may be levied to pay for the Facilities. The proposed boundaries of the CFD are identified in the map entitled “Boundary Map McKinley Village Community

Facilities District No. 2015-04 (Improvements), City of Sacramento, County of Sacramento, State of California” which has been recorded on Page 0029 in Book 118 of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Sacramento.

**D. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.** All of the property located within the CFD boundaries, unless exempted by law or by the Rate and Method of Apportionment of Special Tax (the “**RMA**”), shall be taxed for the purpose of financing the Facilities. The RMA is provided in Exhibit “C” attached hereto and hereby made a part hereof. The City will annually determine the actual amount of the special tax levy based on the method and subject to the Maximum Special Tax rates contained in the RMA. On July 1, 2016 and on each July 1 thereafter, the Maximum Special Tax rates will be increased by 2% of the Maximum Special Tax rate in effect in the previous fiscal year. The Maximum Special Tax rates for Developed Property delineated by land use category, by tax zone, and by fiscal year are provided in Exhibit “D” attached hereto and hereby made a part hereof.

**E. ISSUANCE OF BONDS.** At the time of CFD formation, it was anticipated that Facilities would be funded from the proceeds of multiple tax-exempt bond issues, although the amount and timing of such issues will depend on the value of property within the CFD, the timing of absorption of land uses, and other factors. Based on land uses anticipated within the CFD boundaries, it is estimated that approximately \$7.5 million in net construction proceeds will be generated for Facilities.

**EXHIBIT A**

**City of Sacramento  
McKinley Village Community Facilities District No. 2015-04  
(Improvements)**

**LIST OF AUTHORIZED FACILITIES AND FEES**

***OFFSITE BACKBONE INFRASTRUCTURE (1)***

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<b><u>McKinley Village Way</u></b>	<b><u>(2) \$1,094,000</u></b>
McKinley Village Way to C Street	\$906,078
Contingency (5%)	\$45,304
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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

***ONSITE BACKBONE INFRASTRUCTURE (1)***

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<b><u>McKinley Village Way</u></b>	<b><u>\$6,769,000</u></b>
McKinley Village Way (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>
Storm Drain Pump Station	\$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
<b>Total Estimated Facilities</b>	<b>\$14,727,000</b>
<i>(to the nearest \$1,000)</i>	

**FEES (3)**

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>\$9,000,919</b>

**Total Estimated Facilities and Fees      \$23,727,919**

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- (1) All estimated construction costs are based on contractors' bid of preliminary plans.  
(2) Total figures are rounded to the nearest \$1,000.  
(3) Fee estimates only. Actual fee amounts may differ at time of fee payment.

## **EXHIBIT B**

### **City of Sacramento 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 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 arbitrage 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 report as Exhibit C.

**EXHIBIT C**

**City of Sacramento  
McKinley Village Community Facilities District No. 2015-04  
(Improvements)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

## EXHIBIT C

### 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

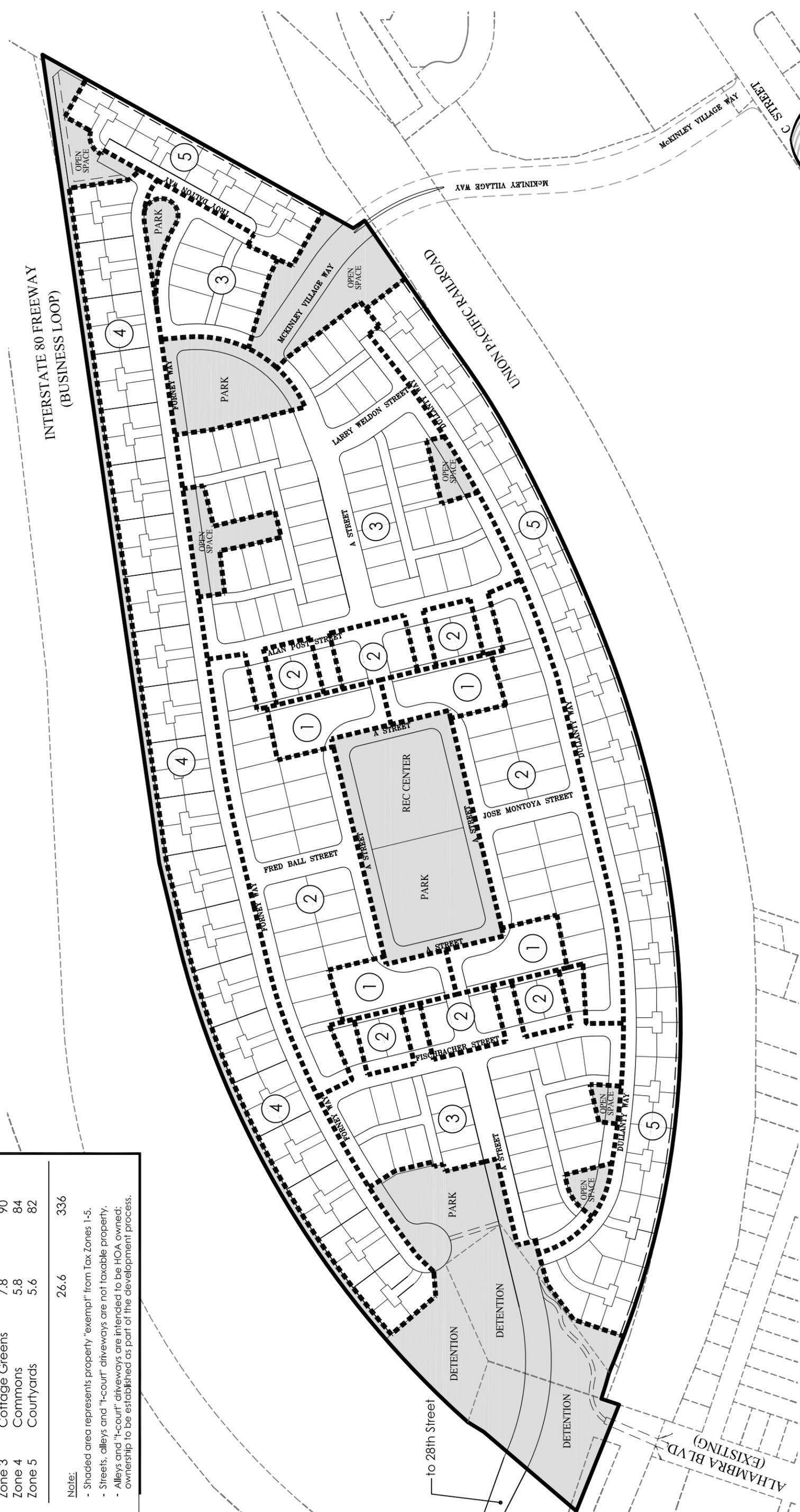
MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

## 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
Total			336

- 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.



**EXHIBIT D**

**City of Sacramento  
McKinley Village Community Facilities District No. 2015-04  
(Improvements)**

**MAXIMUM SPECIAL TAX RATES FOR DEVELOPED PARCELS**

**City of Sacramento**  
**McKinley Village Community Facilities District No. 2015-04**  
**(Infrastructure)**  
**Maximum Special Tax Rates for Developed Parcels**

Fiscal Year	Tax Zone 1		Tax Zone 2		Tax Zone 3		Tax Zone 4		Tax Zone 5	
	Residential Property per unit	Non-Residential Property per acre								
2015-16	\$1,250.00	\$18,750.00	\$1,800.00	\$17,380.00	\$1,400.00	\$16,160.00	\$1,050.00	\$15,210.00	\$900.00	\$13,180.00
2016-17	\$1,275.00	\$19,125.00	\$1,836.00	\$17,727.60	\$1,428.00	\$16,483.20	\$1,071.00	\$15,514.20	\$918.00	\$13,443.60
2017-18	\$1,300.50	\$19,507.50	\$1,872.72	\$18,082.15	\$1,456.56	\$16,812.86	\$1,092.42	\$15,824.48	\$936.36	\$13,712.47
2018-19	\$1,326.51	\$19,897.65	\$1,910.17	\$18,443.80	\$1,485.69	\$17,149.12	\$1,114.27	\$16,140.97	\$955.09	\$13,986.72
2019-20	\$1,353.04	\$20,295.60	\$1,948.38	\$18,812.67	\$1,515.41	\$17,492.10	\$1,136.55	\$16,463.79	\$974.19	\$14,266.46
2020-21	\$1,380.10	\$20,701.52	\$1,987.35	\$19,188.92	\$1,545.71	\$17,841.95	\$1,159.28	\$16,793.07	\$993.67	\$14,551.78
2021-22	\$1,407.70	\$21,115.55	\$2,027.09	\$19,572.70	\$1,576.63	\$18,198.78	\$1,182.47	\$17,128.93	\$1,013.55	\$14,842.82
2022-23	\$1,435.86	\$21,537.86	\$2,067.63	\$19,964.16	\$1,608.16	\$18,562.76	\$1,206.12	\$17,471.51	\$1,033.82	\$15,139.68
2023-24	\$1,464.57	\$21,968.61	\$2,108.99	\$20,363.44	\$1,640.32	\$18,934.02	\$1,230.24	\$17,820.94	\$1,054.49	\$15,442.47
2024-25	\$1,493.87	\$22,407.99	\$2,151.17	\$20,770.71	\$1,673.13	\$19,312.70	\$1,254.85	\$18,177.36	\$1,075.58	\$15,751.32
2025-26	\$1,523.74	\$22,856.15	\$2,194.19	\$21,186.12	\$1,706.59	\$19,698.95	\$1,279.94	\$18,540.91	\$1,097.09	\$16,066.35
2026-27	\$1,554.22	\$23,313.27	\$2,238.07	\$21,609.85	\$1,740.72	\$20,092.93	\$1,305.54	\$18,911.72	\$1,119.04	\$16,387.67
2027-28	\$1,585.30	\$23,779.53	\$2,282.84	\$22,042.04	\$1,775.54	\$20,494.79	\$1,331.65	\$19,289.96	\$1,141.42	\$16,715.43
2028-29	\$1,617.01	\$24,255.12	\$2,328.49	\$22,482.88	\$1,811.05	\$20,904.68	\$1,358.29	\$19,675.76	\$1,164.25	\$17,049.74
2029-30	\$1,649.35	\$24,740.23	\$2,375.06	\$22,932.54	\$1,847.27	\$21,322.78	\$1,385.45	\$20,069.27	\$1,187.53	\$17,390.73
2030-31	\$1,682.34	\$25,235.03	\$2,422.56	\$23,391.19	\$1,884.22	\$21,749.23	\$1,413.16	\$20,470.66	\$1,211.28	\$17,738.54
2031-32	\$1,715.98	\$25,739.73	\$2,471.01	\$23,859.02	\$1,921.90	\$22,184.22	\$1,441.42	\$20,880.07	\$1,235.51	\$18,093.32
2032-33	\$1,750.30	\$26,254.53	\$2,520.43	\$24,336.20	\$1,960.34	\$22,627.90	\$1,470.25	\$21,297.67	\$1,260.22	\$18,455.18
2033-34	\$1,785.31	\$26,779.62	\$2,570.84	\$24,822.92	\$1,999.54	\$23,080.46	\$1,499.66	\$21,723.63	\$1,285.42	\$18,824.29
2034-35	\$1,821.01	\$27,315.21	\$2,622.26	\$25,319.38	\$2,039.54	\$23,542.07	\$1,529.65	\$22,158.10	\$1,311.13	\$19,200.77
2035-36	\$1,857.43	\$27,861.51	\$2,674.71	\$25,825.77	\$2,080.33	\$24,012.91	\$1,560.24	\$22,601.26	\$1,337.35	\$19,584.79
2036-37	\$1,894.58	\$28,418.74	\$2,728.20	\$26,342.28	\$2,121.93	\$24,493.17	\$1,591.45	\$23,053.29	\$1,364.10	\$19,976.48
2037-38	\$1,932.47	\$28,987.12	\$2,782.76	\$26,869.13	\$2,164.37	\$24,983.03	\$1,623.28	\$23,514.35	\$1,391.38	\$20,376.01
2038-39	\$1,971.12	\$29,566.86	\$2,838.42	\$27,406.51	\$2,207.66	\$25,482.69	\$1,655.74	\$23,984.64	\$1,419.21	\$20,783.53
2039-40	\$2,010.55	\$30,158.20	\$2,895.19	\$27,954.64	\$2,251.81	\$25,992.35	\$1,688.86	\$24,464.33	\$1,447.59	\$21,199.20
2040-41	\$2,050.76	\$30,761.36	\$2,953.09	\$28,513.73	\$2,296.85	\$26,512.19	\$1,722.64	\$24,953.62	\$1,476.55	\$21,623.19
2041-42	\$2,091.77	\$31,376.59	\$3,012.15	\$29,084.01	\$2,342.79	\$27,042.44	\$1,757.09	\$25,452.69	\$1,506.08	\$22,055.65
2042-43	\$2,133.61	\$32,004.12	\$3,072.40	\$29,665.69	\$2,389.64	\$27,583.29	\$1,792.23	\$25,961.74	\$1,536.20	\$22,496.76
2043-44	\$2,176.28	\$32,644.20	\$3,133.84	\$30,259.00	\$2,437.43	\$28,134.95	\$1,828.08	\$26,480.98	\$1,566.92	\$22,946.70
2044-45	\$2,219.81	\$33,297.09	\$3,196.52	\$30,864.18	\$2,486.18	\$28,697.65	\$1,864.64	\$27,010.60	\$1,598.26	\$23,405.63
2045-46	\$2,264.20	\$33,963.03	\$3,260.45	\$31,481.46	\$2,535.91	\$29,271.60	\$1,901.93	\$27,550.81	\$1,630.23	\$23,873.75
2046-47	\$2,309.49	\$34,642.29	\$3,325.66	\$32,111.09	\$2,586.62	\$29,857.04	\$1,939.97	\$28,101.83	\$1,662.83	\$24,351.22
2047-48	\$2,355.68	\$35,335.14	\$3,392.17	\$32,753.32	\$2,638.36	\$30,454.18	\$1,978.77	\$28,663.86	\$1,696.09	\$24,838.25
2048-49	\$2,402.79	\$36,041.84	\$3,460.02	\$33,408.38	\$2,691.12	\$31,063.26	\$2,018.34	\$29,237.14	\$1,730.01	\$25,335.01
2049-50	\$2,450.85	\$36,762.68	\$3,529.22	\$34,076.55	\$2,744.95	\$31,684.52	\$2,058.71	\$29,821.88	\$1,764.61	\$25,841.71
2050-51	\$2,499.86	\$37,497.93	\$3,599.80	\$34,758.08	\$2,799.85	\$32,318.22	\$2,099.88	\$30,418.32	\$1,799.90	\$26,358.54
2051-52	\$2,549.86	\$38,247.89	\$3,671.80	\$35,453.24	\$2,855.84	\$32,964.58	\$2,141.88	\$31,026.69	\$1,835.90	\$26,885.72
2052-53	\$2,600.86	\$39,012.85	\$3,745.23	\$36,162.31	\$2,912.96	\$33,623.87	\$2,184.72	\$31,647.22	\$1,872.62	\$27,423.43
2053-54	\$2,652.87	\$39,793.10	\$3,820.14	\$36,885.55	\$2,971.22	\$34,296.35	\$2,228.41	\$32,280.16	\$1,910.07	\$27,971.90
2054-55	\$2,705.93	\$40,588.96	\$3,896.54	\$37,623.26	\$3,030.64	\$34,982.28	\$2,272.98	\$32,925.77	\$1,948.27	\$28,531.34
2055-56	\$2,760.05	\$41,400.74	\$3,974.47	\$38,375.73	\$3,091.26	\$35,681.92	\$2,318.44	\$33,584.28	\$1,987.24	\$29,101.96
2056-57	\$2,815.25	\$42,228.76	\$4,053.96	\$39,143.24	\$3,153.08	\$36,395.56	\$2,364.81	\$34,255.97	\$2,026.98	\$29,684.00



## EXHIBIT C

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

#### LIST OF AUTHORIZED FACILITIES AND FEES

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<b><i>OFFSITE BACKBONE INFRASTRUCTURE (1)</i></b>	
<b><u>McKinley Village Way</u></b>	<b>\$ 1,094,000</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>\$ 515,000</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>\$ 1,290,000</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>\$ 6,769,000</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>\$ 1,985,000</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>\$ 2,074,000</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 D

### 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 E.

## EXHIBIT E

### 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>Tax Zone 1</i>	
Residential Property	\$1,250 per Residential Unit
Non-Residential Property	\$18,750 per Acre
<i>Tax Zone 2</i>	
Residential Property	\$1,800 per Residential Unit
Non-Residential Property	\$17,380 per Acre
<i>Tax Zone 3</i>	
Residential Property	\$1,400 per Residential Unit
Non-Residential Property	\$16,160 per Acre
<i>Tax Zone 4</i>	
Residential Property	\$1,050 per Residential Unit
Non-Residential Property	\$15,210 per Acre
<i>Tax Zone 5</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

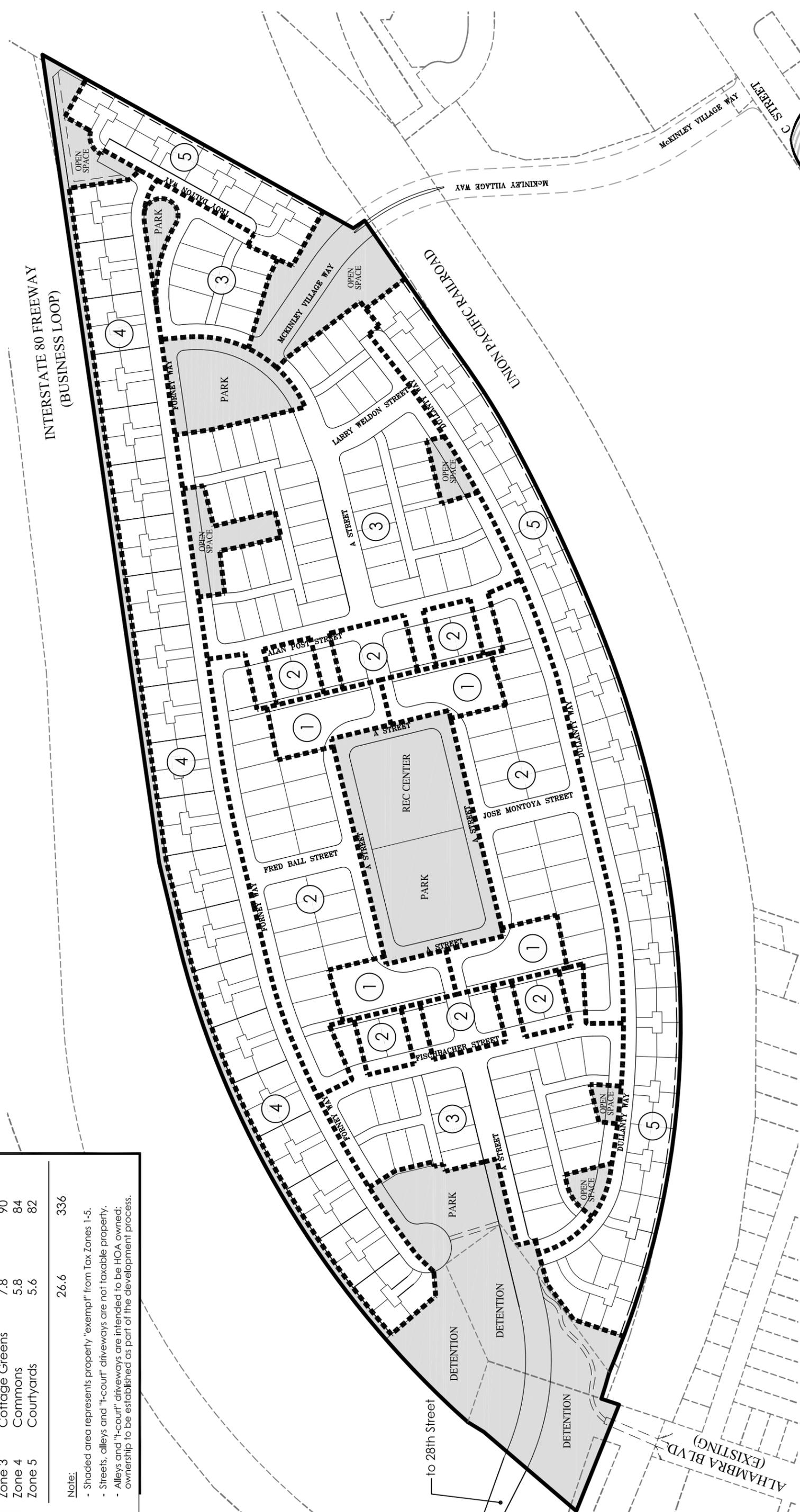
MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

## 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
Total			336

- 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.



## RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council

July 28, 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 THE CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

#### BACKGROUND

- A. On Tuesday, June 23, 2015, the City Council duly adopted Resolution No. 2015-0197 (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 “City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” (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 governmentally imposed development fees used to finance public capital facilities.
- B. On Tuesday, June 23, 2015, the City Council also duly adopted Resolution No. 2015-0198 (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 \$10 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 Tuesday, July 28, 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 July 28, 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 is not 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 and 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 (the “**Resolution of Formation**”).
- H. On file with the City Clerk are (1) a proof of publication of the Notice of Public Hearing in the *Sacramento Bulletin* and (2) 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 D 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 aggregate principal 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 \$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 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 after 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 section 53353.5 of the Act, 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 Wednesday, July 29, 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

July 28, 2015

### CALLING A SPECIAL MAILED-BALLOT ELECTION WITHIN THE CITY OF SACRAMENTO MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2015-04 (IMPROVEMENTS)

#### BACKGROUND

- A. On Tuesday, June 23, 2015, the City Council duly adopted Resolution No. 2015-0197 (the “**Resolution of Intention**”) and Resolution No. 2015-0198 (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 “City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)” (the “**CFD**”).
- B. Both the Resolution of Intention and the Resolution to Incur Bonded Indebtedness fixed July 28, 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 July 28, 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 12 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 owner of land within the CFD, or an authorized representative of each owner, has filed with the City Clerk a properly executed Waiver, Consent, and Appointment (as defined in section 4 below) in the form attached to this resolution as Exhibit A.

**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 under section 53326(b) of the Act, 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 A. 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 sections 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 July 29, 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 will 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 B, to each landowner within the CFD or, if one has been appointed under 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 B.

**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 is to be held and conducted, the votes canvassed and the returns made, and the results determined, all as provided in this resolution; and in all particulars not prescribed by this resolution, the special election is to 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 will be qualified to vote upon the proposition to be submitted at the special election.
- (c) The special election is to 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 will be no polling places for the special election. All ballots are to be delivered or mailed by the City Clerk to the landowners, and all voted ballots must 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 August 6, 2015.
- (f) The City Council may thereupon declare the results of the special election and cause to be spread upon its minutes a statement of the results of the special election as ascertained by the canvass.

**Section 9.** This resolution takes effect when adopted.

**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**

City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements)

I [We], \_\_\_\_\_  
(Print Names)

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

\_\_\_\_\_ **The Undersigned are ALL of the owners (the “Owners”)**

**OR**

\_\_\_\_\_ **The Undersigned is the authorized representative of, and in executing this document is acting for, ALL of the owners listed here and has attached hereto evidence of the Undersigned’s authority to act for ALL of the owners in this matter:**

\_\_\_\_\_  
(Print Names)

\_\_\_\_\_ **(the “Owners”)**

of the real property listed below by Assessor’s Parcel Number (“**APN**”), which is within the City of Sacramento McKinley Village Community Facilities District No. 2015-04 (Improvements) (the “**Community Facilities District**”). The APN’s are \_\_\_\_\_

The Undersigned understands that a special mailed-ballot, landowner election will be held to determine whether to authorize the Sacramento City Council 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, 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 Sacramento City Council on July 28, 2015 (the Resolution of Formation and the Resolution Deeming it Necessary to Incur Bonded Indebtedness). The Undersigned, on behalf of the 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 Owners, hereby does the following:

- Waives any and all minimum time periods relative to the election under Government Code section 53326(a).

- 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).
- Waives the requirement to publish notice of the election under Government Code section 53352.
- 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.
- Waives the requirements regarding identification envelopes for the return of mailed ballots contained in Government Code Section 53327.5.
- 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).
- States that the election is being expedited in accordance with this Waiver, Consent, and Appointment, at the particular instance and request of the Undersigned.
- 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 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 Owners in casting the votes and executing the ballot assigned to the above-listed property.

The Undersigned declares under penalty of perjury under California law 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]



### 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.

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Signature

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Print Name