AGREEMENT TO REIMBURSE FEES FROM BOND PROCEEDS
City of Sacramento and Pardee Homes

Natomas Meadows Community Facilities District No. 2007-01

1. **Parties.** In this agreement, "the City" refers to the **City of Sacramento**, a California municipal corporation; and "Pardee" refers to **Pardee Homes**, a California corporation.

2. **Background.** Pardee is developing the real property described in **Exhibit A** (the Property). Pardee has asked the City to form a community facilities district[1]—to be designated as "Natomas Meadows Community Facilities District No. 2007-01, City of Sacramento, County of Sacramento, State of California" (the CFD)—that will cover the Property and be used to finance, through the issuance of bonds, both of the following: (a) the City's acquisition of certain public facilities constructed by Pardee; and (b) certain fees that Pardee must pay to develop the Property. With this agreement, the City and Pardee memorialize their intent that proceeds from the sale of bonds be available to finance the fees described in section 3 below if the criteria described in section 4 below are satisfied.

3. **Eligible Fees.** The following fees are eligible for financing with bond proceeds if, in the City's sole judgment, the criteria set forth in section 4 are satisfied:

   (a) The City's Construction Excise Tax (Sacramento City Code, chapter 3.36).
   (b) The City's Sewer Development Fee.
   (c) The City's Water Development Fee.
   (d) The City's Housing Trust Fund Fee.
   (e) The City's Water-and-Sewer Tap Fee.
   (f) The City's Water-Meter Fee (Sacramento City Code, section 13.04.290).
   (g) The City's Quimby Park Fee.
   (h) The City's Habitat Conservation Fee (Sacramento City Code, chapter 18.40).
   (i) The City's Natomas Area Development Fees (Sacramento City Code, chapter 18.24).
   (j) The City's Park Development Impact Fee (Sacramento City Code, chapter 18.44).
   (k) Fees imposed by school districts.
   (l) Fees imposed by the Sacramento Regional County Sanitation District.
   (m) Fees imposed by Sacramento County Sanitation District No. 1.
   (n) Fees imposed by the Sacramento Municipal Utility District.
   (o) Fees imposed by the Sacramento Metropolitan Air Quality Management District.

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[1] Community Facilities Districts are established under the Mello-Roos Community Facilities Act of 1982, set out at Government Code sections 53311 through 53368.3.

(p) Any other fees the City Attorney, the City Treasurer, and bond counsel for the CFD (Bond Counsel) determine to meet the criteria for reimbursement specified in section 4.

Financing of eligible fees will occur in one of two ways: for a fee that Pardee has paid, the City will reimburse Pardee from available bond proceeds; and for a fee that Pardee owes but has not paid, the City will use available bond proceeds to pay the fee on Pardee's behalf.

4. **Criteria for Reimbursement.** A fee described in section 3 will be eligible for financing with bond proceeds only if the City determines that all of the following criteria have been met:

(a) The City has financed, through the issuance of bonds, the acquisition from Pardee of all authorized public facilities needed to serve the Property when it is developed, and bond proceeds are still available to finance all or part of the fee. "Authorized public facilities" means facilities identified in the CFD formation documents as eligible for financing with bond proceeds.

(b) Pardee is obligated to pay the fee in connection with development of the Property. A fee that Pardee pays itself will be eligible for financing only if payment occurs on or after October 25, 2006, except as provided otherwise in subsection 4(e).

(c) The resolution of intention, the resolution of formation, and the resolution to incur bonded indebtedness that are adopted for the CFD identify the fee as eligible for funding with bond proceeds.

(d) In the opinion of the City Attorney and Bond Counsel, reimbursement is permitted by law and will not jeopardize the tax-exempt status of the bonds.

(e) For the City's Habitat Conservation Fee, the fee must be associated with a public facility the City acquired or will acquire with bond proceeds. Such a fee will be eligible even if paid before October 25, 2006.

(f) For a fee imposed by a government agency other than the City, the City and the other agency have entered into an agreement that, to the satisfaction of the City Attorney and Bond Counsel, obligates the agency (1) to use the fees solely for public facilities and in accordance with all federal tax statutes and regulations applicable to the bonds and the bond proceeds (e.g., arbitrage restrictions); and (2) to report to the City on the agency's spending of the bond proceeds, or, at the City's option, to allow the City to inspect the agency's records of spending the bond proceeds.

5. **Assignment.** Pardee may assign its right to reimbursement, subject to the City's consent, which the City may not withhold unreasonably. The City Treasurer is authorized to approve any assignment on the City's behalf. To be effective, both an assignment and the City's consent to an assignment must be in writing, approved for legal form by the City Attorney, and approved and executed by the City Treasurer.

6. **The City's Obligation is Limited.** Neither the City's general fund nor any of the City's other funds, accounts, or monies, other than the bond proceeds specified in section 2, will be liable for payment of any obligations arising under this agreement. Those obligations are not a debt of the City, nor are they a legal or equitable pledge, charge, lien, or encumbrance upon any of the City's property, income, receipts, revenues, or other assets. This agreement embodies all of Pardee's rights to reimbursement with respect to the fees described in section 3. This section is not to be interpreted as limiting the City's exercise of discretion under any other section of this agreement.

7. **Notices.** Any notice or other communication under this agreement must be in writing and will be considered properly given when delivered or mailed in the manner provided in this section to the following persons:

(a) If to City:

City Manager
City of Sacramento
915 I Street, Fifth Floor
Sacramento, CA 95814-2604

with a copy to—

City Treasurer
City of Sacramento
915 I Street, HCH Third Floor
Sacramento, CA 95814-2604

(b) If to Pardee:

Pardee Homes
2377 Gold Meadow Way, Suite 280
Gold River, CA 95670
Attn: Scott Lillibridge

with a copy to—

Law Offices of Gregory D. Thatch
1730 I Street, Suite 220
Sacramento, Ca 95814
Attn: Michael Devereaux, Esq.

Any party may change its address for these purposes by giving written notice of the change to the other party in the manner provided in this section. If sent by mail, a notice or other communication will be considered to have been given 48 hours after it has been deposited in the United States Mail, addressed as set forth above, with postage prepaid (registered or certified mail, return receipt requested).

8. **Attorneys' Fees.** If a party requires the services of any attorneys to secure the performance of this agreement or to seek redress for another party's breach or default, or if litigation or arbitration is necessary to enforce or interpret this agreement, then the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party is entitled.

9. **Interpretation and Venue.** This agreement is to be interpreted and applied in accordance with California law. Exhibit A is part of this agreement. Any litigation

concerning this agreement must be brought and prosecuted in the Sacramento County Superior Court.

10. **Waiver.** A party's failure to insist on strict performance of this agreement or to exercise any right or remedy upon another party's breach of this agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of another party's breach of any term or provision in this agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other term or provision. A waiver is binding only if set forth in writing and signed by the waiving party.

11. **Execution of Agreement.** The parties may sign this agreement in counterparts, each of which will be considered an original, but all of which will constitute the same agreement.

12. **Entire Agreement.** This agreement sets forth the parties' entire understanding regarding the matters set forth. It supersedes all prior or contemporaneous agreements, representations, and negotiations (written, oral, express, or implied) and may be modified only by another written agreement signed by all parties.

City of Sacramento

By: _____
for Ray Kerridge, City Manager

Date: 12/12, 2006

Attest
City Clerk

By: _____

Approved for Legal Form

By: _____
Senior Deputy City Attorney

Pardee Homes

By: _____
David Ragland, Vice President
of Community Development

Date: 12/8, 2006

Property Description

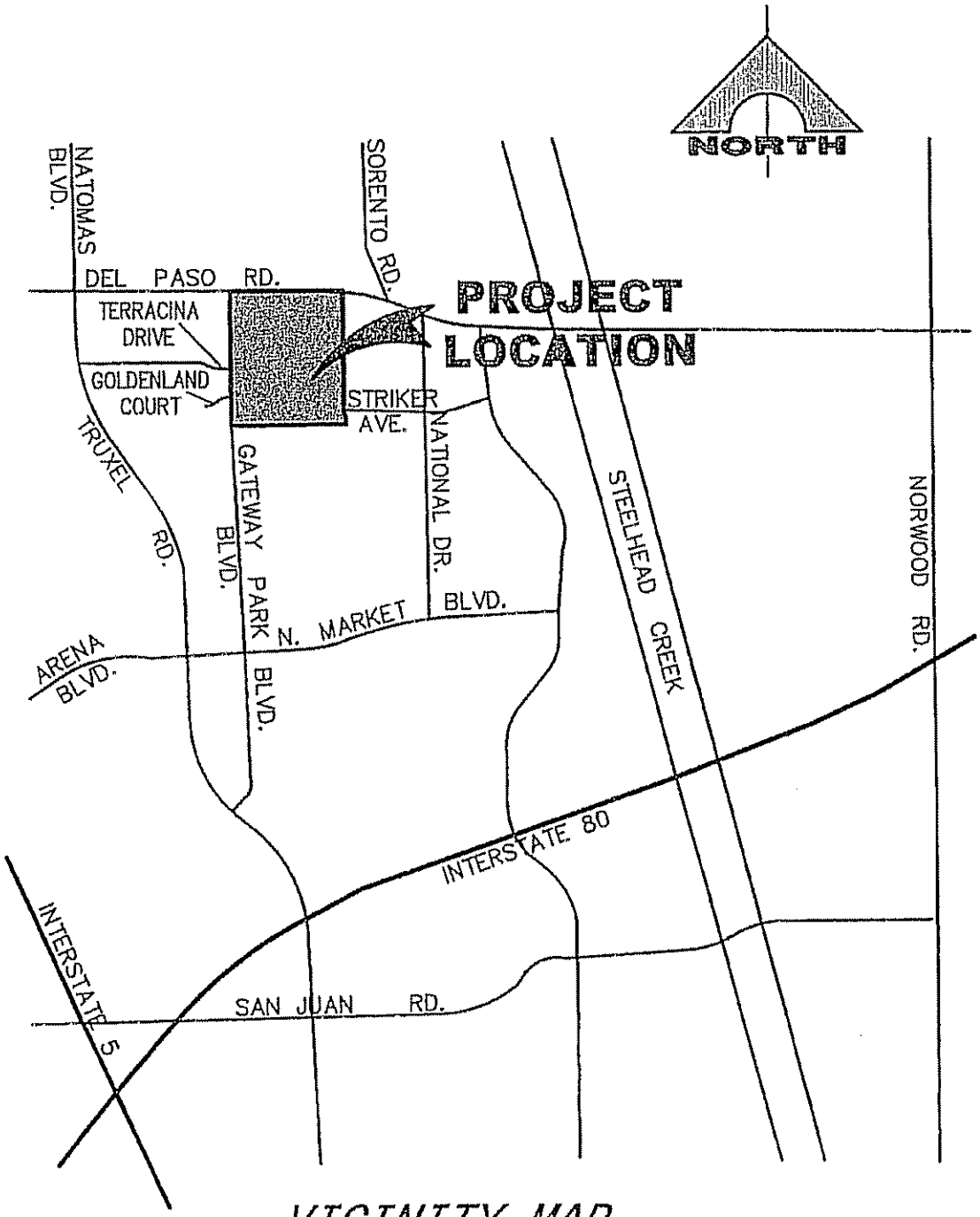
The Property is generally located in the North Natomas area of the City of Sacramento, at the southeast corner of the intersection of Del Paso Road and Gateway Park Boulevard, as shown on the attached map entitled—

EXHIBIT A
VICINITY MAP
COMMUNITY FACILITIES NO. 2007-01
NATOMAS MEADOWS
PARDEE HOMES
[10/16/2006 3:02 PM]

In particular, the Property consists of the lands designated as Tax Zone Areas 1, 2, 3, 4, and 5 on the attached map entitled—

EXHIBIT A
PROPOSED TAX ZONE AREAS
COMMUNITY FACILITIES NO. 2007-01
NATOMAS MEADOWS
PARDEE HOMES
[10/16/2006 3:12 PM]

Both maps were prepared by G.C. Wallace of California, Inc.



VICINITY MAP

NOT TO SCALE

G.C. WALLACE OF CA, INC.
ENGINEERS | PLANNERS | SURVEYORS
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A DIVISION OF G.C. WALLACE COMPANIES
LAS VEGAS · SACRAMENTO · RENO

EXHIBIT A
VICINITY MAP
COMMUNITY FACILITIES DIST. NO. 2007-01
NATOMAS MEADOWS
PARDEE HOMES

0 N/A N/A
(SCALE IN FEET)

DATE: 10/12/08

SHEET: 1 of 1

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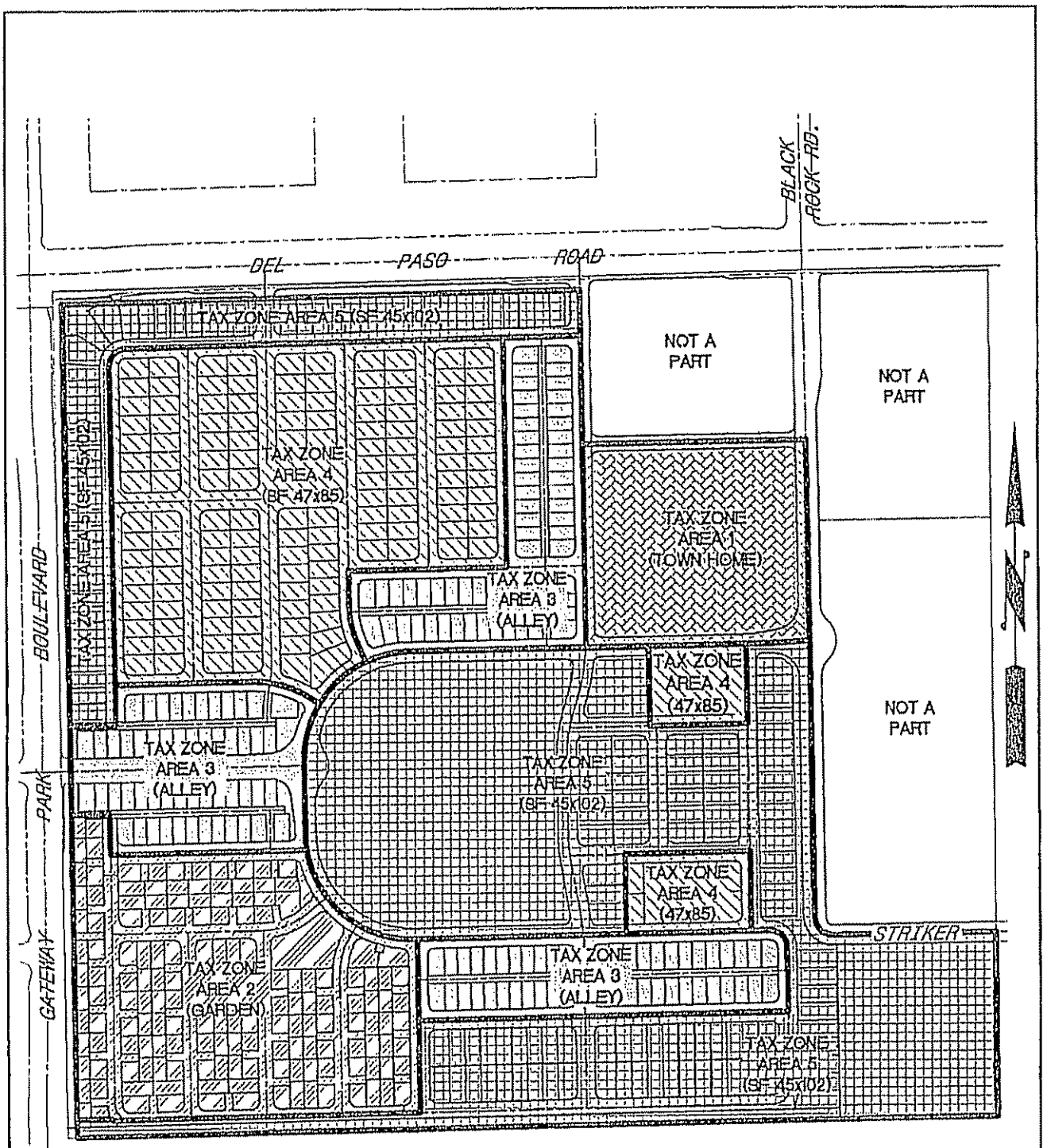

TAX ZONE AREA		PRODUCT TYPE	UNIT COUNT
	NO. 1	TOWN HOME	120
	NO. 2	GARDEN	163
	NO. 3	ALLEY	161
	NO. 4	SF 47x85	168
	NO. 5	SF 45x102	145

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EXHIBIT A
PROPOSED TAX ZONE AREAS
COMMUNITY FACILITIES DIST. NO. 2007-01
NATOMAS MEADOWS
PARDEE HOMES

0 N/A N/A
(SCALE IN FEET)

DATE: 10/16/06
SHEET: 1 of 2

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