



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

PUBLIC HEARING
 January 30, 2007

Honorable Mayor and
 Members of the City Council

Title: Natomas Central Community Facilities District (CFD) No. 2006-02,
 Formation Proceedings

Location/Council District: North Natomas – Del Paso Road and El Centro Road,
 located in Council District 1 (Location Map, Page 6)

Recommendation: Conduct a public hearing and upon conclusion: 1) Adopt a
Resolution of formation establishing CFD No. 2006-02 and providing for the levy of a
 special tax; 2) Adopt a **Resolution** to incur bonded indebtedness; 3) Adopt a
Resolution calling for a special mailed ballot election on February 9, 2007.

Contact: Bob Cooper, Senior Engineer, (916) 808-5778; Mark Griffin, Fiscal Manager,
 (916) 808-8788

Presenters: Bob Cooper

Department: Planning Department

Division: Public Improvement Financing

Organization No: 4915

Description/Analysis

Issue: K. Hovnanian Forecast Homes Northern, Inc., one of the property owners
 of the Natomas Central development, has applied to the City to form a CFD to
 sell bonds. The bond proceeds will partially reimburse the owner for
 development fees and costs for public infrastructure. Approval of the CFD will
 authorize the City to sell bonds and to levy a special tax to pay for the bonds.

Policy Considerations: The procedures under which this district is being
 formed are set forth in the Mello-Roos Community Facilities Act of 1982
 (Government Code sections 53311-53365.3). Formation of the Natomas Central
 CFD is consistent with the City's Strategic Plan to achieve sustainability and
 enhance livability and to expand economic development throughout the City.

Environmental Considerations: Under the California Environmental Quality Act Guidelines, the formation of a Mello-Roos district does not constitute a project and is therefore exempt from review.

Rationale for Recommendation: The recommended actions in the Resolutions are required by the Mello-Roos Community Facilities Act of 1982 in order to form a CFD.

Financial Considerations: There will be no impact to the General Fund. The owner will fund fees and improvements and be reimbursed at a later time if and when sufficient bond proceeds are available.

The bond sale for this district is anticipated to occur in March or April 2007, and will not exceed \$35,000,000. One bond sale is planned.

Emerging Small Business Development (ESBD): City Council approval of these proceedings is not affected by City policy related to the ESBD Program.

Respectfully Submitted by: 
Mark Griffin
Fiscal Manager, Planning Department

Approved by: 
Carol Shearly
Director, Planning Department

Recommendation Approved:

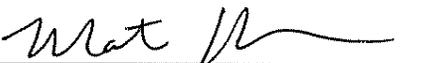

Ray Kerridge
City Manager

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ATTACHMENT 1
BACKGROUND

The proposed Natomas Central CFD No. 2006-02 consists of approximately 398 gross developable acres. The project has been divided into several components, including residential, parks, open space, fire station, and schools. The proposed project includes approximately 1,693 single-family lots, 4 parcels for multi-family development, a 5-acre park, a 6-acre park, a 13-acre joint park/school site, a 7-acre private recreation center, a 26-acre detention basin/lake, a 2-acre fire station, and 28 acres of open space.

The developer proposes to construct the project in one phase with one bond sale. Construction is estimated to be completed in 2008.

Purpose of the CFD

To finance the public infrastructure needed for the project, the CFD will issue bonds that are secured by a special tax levied on real property. The CFD will use the bond proceeds to directly fund certain facilities that will be acquired from the developer once construction is complete. Other facilities will be funded indirectly, in that bond proceeds or special-tax revenues will also be used to pay development-impact fees, which will then be used to pay for infrastructure that is part of an existing fee program. The facility costs, eligible fees, and estimated amounts that can be funded by the CFD include the following:

Eligible Impact Fees

| | |
|--|--------------------|
| Sacramento Metropolitan Air Quality Management District fees | \$1,366,000 |
| Habitat conservation plan fees | \$1,378,000 |
| Water connection fees | \$6,179,000 |
| Natomas Area development fees | \$16,100,000 |
| Regional Park fees | \$2,100,000 |
| Sacramento County CSD-1 Sewer Fees | \$1,800,000 |
| Sacramento County SRCSD Sewer Fees | \$11,700,000 |
| Construction Excise Tax Fees | \$1,500,000 |
| City Quimby Park Fees | \$7,300,000 |
| Incidental Expenses Related to CFD Formation and Bond Issuance | <u>\$2,800,000</u> |
| Subtotal, Fees | \$52,223,000 |

Eligible Facilities

| | |
|--|--------------------|
| Detention basins | \$1,700,000 |
| Traffic signals and intersection widening | \$1,000,000 |
| Collector roadways | \$3,800,000 |
| Nature park and open space | \$1,800,000 |
| Private dry utilities | \$2,300,000 |
| Public land acquisition | \$12,700,000 |
| Incidental expenses directly related to capital facilities | <u>\$2,400,000</u> |
| Subtotal, Facilities | \$25,700,000 |

Total Fees and Facility Costs \$77,923,000

The amount of the proposed debt to be incurred to finance the acquisition and construction of the facilities and to finance the development fees will not exceed \$35,000,000. This amount may or may not include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the debt is proposed to be incurred. Since the total debt to be incurred is not sufficient to fund the entire amount of the eligible fees and facilities, the developer will be responsible to fund the difference.

CFD Special Election Proceedings

The proposed CFD will be formed in compliance with the Mello-Roos Community Facilities District Act of 1982. As part of the formation proceedings, an election on the special tax is required. In this case, where there are fewer than 12 registered voters, the vote is by landowners. There are 5 landowners within this proposed CFD, and each landowner is assigned one vote per acre or a fraction thereof. At least two-thirds of the votes cast in the election must be in favor of levying the tax. A schedule for the CFD-formation proceedings is provided on Attachment 3.

Special Tax Formula

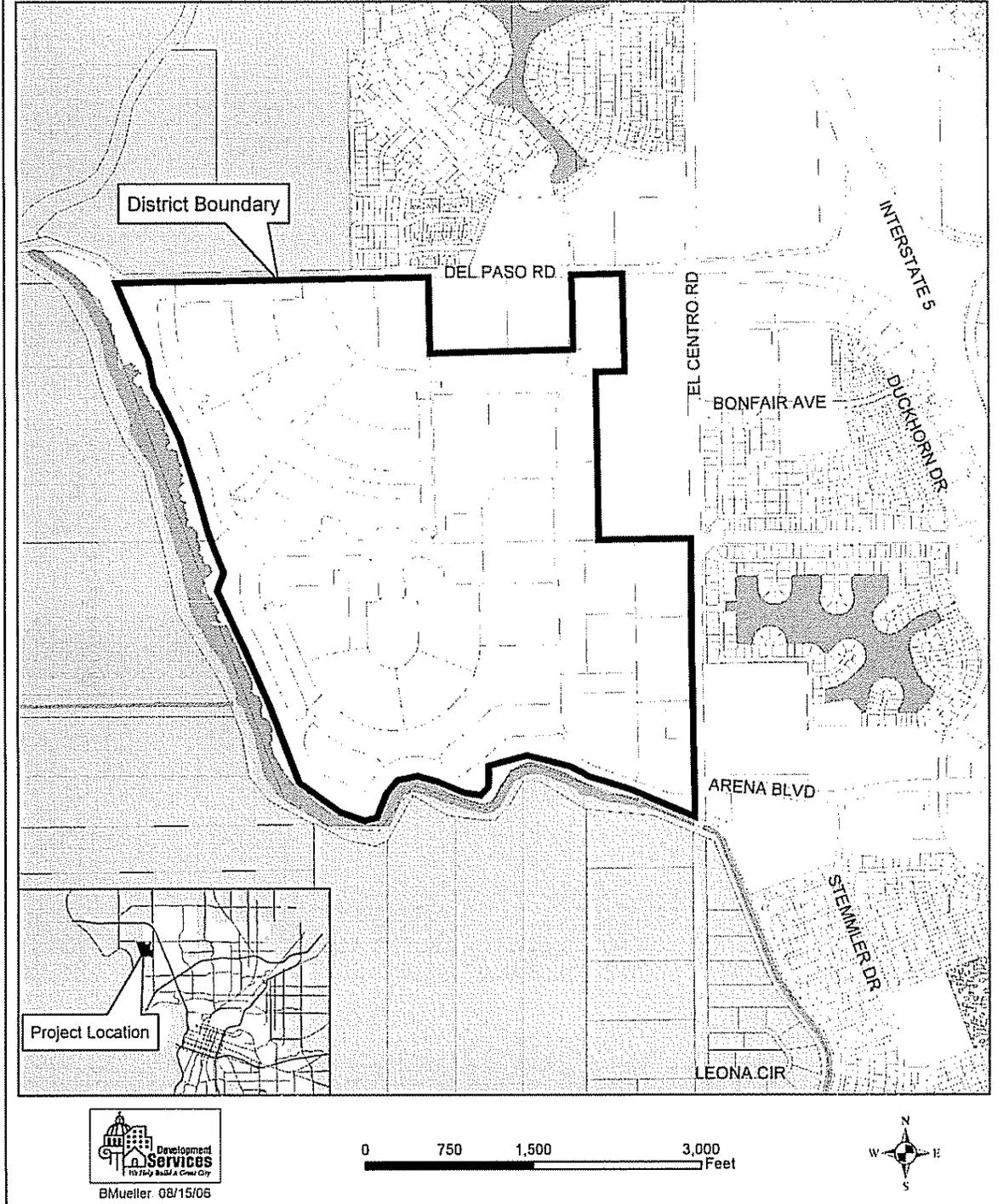
The rate and method of apportionment of the special tax (the RMA) is attached as Exhibit D to the Resolution of Formation. The special tax is applied to both developed and undeveloped properties. The maximum special-tax rates for developed properties are shown in Section C, Table 1 of the RMA. The maximum special-tax rate for undeveloped property is \$10,600 per acre. The rates escalate 2% annually.

Council Action

On October 10, 2006, the City Council adopted Resolution No. 2006-729 that initiated the formation proceedings, declared its intention to levy a special tax, adopted the CFD boundary map, and set November 14, 2006, as the date for the public hearing. Also on October 10, 2006, the City Council adopted Resolution No. 2006-730 that declared its intention to incur bonded indebtedness. On November 14, 2006, the City Council continued the public hearing until January 9, 2007. On January 9, 2007 the Council found that the complexity of the proposed district and the need for public participation required additional time, and the public hearing was continued to January 30, 2007.

ATTACHMENT 2

North Natomas CFD No. 2006-02 Location Map



BMueller: 08/15/06

0 750 1,500 3,000 Feet



ATTACHMENT 3

SCHEDULE OF PROCEEDINGS

**PROPOSED
NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT
(CFD) NO. 2006-02**

- October 10, 2006 City Council – Initiate Proceedings
- Adopt Resolution Approving Agreement for Legal Services
 - Adopt Resolution of Intention To Form CFD and Levy Special Tax (set hearing date and approve boundary map)
 - Adopt Resolution of Intention to Incur Bonded Indebtedness
- October 11, 2006 Mail and Publish Notice of Hearing and record Boundary Map
- November 14, 2006 City Council – Public Hearing continued until January 9, 2007
- January 9, 2007 City Council – Public Hearing continued until January 30, 2007

- | | |
|-------------------------|--|
| January 30, 2007 | City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none">○ Conduct Public Hearing○ Adopt Resolution of Formation○ Adopt Resolution Deeming it Necessary to Incur Bonded Indebtedness○ Adopt Resolution Calling Special Mailed-Ballot Election |
|-------------------------|--|

- January 31, 2007 Mail Special Election Ballots
- February 9, 2007 Special Election Ballots Due
- February 13, 2007 City Council
- Adopt Resolution Declaring Results of Special Election
 - Pass for Publication Ordinance to Levy Tax
- February 14, 2007 Record Notice of “Special Tax Lien”
- February 27, 2007 City Council
- Adopt Ordinance to Levy Special Tax

ATTACHMENT 4

RESOLUTION NO.

Adopted by the Sacramento City Council

**RESOLUTION OF FORMATION ESTABLISHING NATOMAS
CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02,
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA, AND PROVIDING FOR THE LEVY OF A
SPECIAL TAX THEREIN TO FINANCE CERTAIN
GOVERNMENTAL DEVELOPMENT-IMPACT FEES AND THE
ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC
FACILITIES**

BACKGROUND

- A.** The City Council (the "Council") of the City of Sacramento (the "City") duly adopted its Resolution No. 2006-729 (the "Resolution of Intention") on October 10, 2006 wherein the Council declared its intention to and proposed to establish a community facilities district within its jurisdictional boundaries under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the "Act"), to be known and designated as "Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), to finance the acquisition and construction of certain public capital facilities and to finance certain governmental development-impact fees for public capital facilities.
- B.** In the Resolution of Intention the Council approved the boundary map, as provided for and described in California Streets and Highways Code Section 3110, entitled "Proposed Boundary of City of Sacramento Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California," as shown in Exhibit A thereto (which Exhibit A is also attached to this resolution and incorporated herein by this reference), which Boundary Map was recorded on October 13, 2006 in the Book of Maps of Assessment and Community Facilities Districts maintained by the County Recorder of the County of Sacramento in Book 104 at Page 116, and as Instrument No. 20061013, page 1226.
- C.** The Resolution of Intention fixed a time and place for a public protest hearing

(the "Public Hearing") to be held by the Council to consider the establishment of the Community Facilities District, the authorization of a special tax to be levied and collected within the Community Facilities District (the "Special Tax"), the proposed rate, method of apportionment and manner of collection of the Special Tax; the facilities and fees proposed to be authorized to be paid for with the proceeds of the Special Tax collections, the establishment of an appropriations limit for the Community Facilities District, and all other matters set forth in the Resolution of Intention.

- D. The Manager of the Public Improvement Finance Division of the City submitted a report (the "Hearing Report") to the Council on the need for and estimated cost of the proposed facilities to be financed directly or through the payment of the governmental development-impact fees, and certain other matters, in accordance with the Resolution of Intention. The Council has reviewed the Hearing Report, and it is incorporated herein by this reference and made a part of the record of the Public Hearing.
- E. Pursuant to the Resolution of Intention, the Public Hearing was set by the Council for Tuesday, November 14, 2006, at 2:00 p.m., in the Council Chambers at the Sacramento City Hall at 915 "I" Street, Sacramento, California. At or shortly after that time the Council opened the Public Hearing to consider the establishment of the Community Facilities District, the proposed rate, method of apportionment and manner of collection of the Special Tax, the fees and facilities proposed to be financed, the establishment of the appropriations limit, and all other matters set forth in the Resolution of Intention. The Council then continued the Public Hearing to January 9, 2007, at 2:00 p.m. On January 9, 2007, after finding that the complexity of the proposed Community Facilities District and the need for public participation required additional time, the Council continued the Public Hearing to January 30, 2007, at 7:00 p.m. The City Clerk has submitted to the Council her Certificate that proper notices of the continuances were posted by the entrance to the Council Chambers.
- F. The Public Hearing was then resumed in the Council Chambers on the date and at the time specified in the posted notice. At the Public Hearing all persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, were given an opportunity to appear and to be heard, and the testimony of all interested persons and all taxpayers, property owners and registered voters for or against the establishment of the Community Facilities District and the levy of the Special Tax, or the extent of the Community Facilities District, or the financing of any of the proposed facilities, or the financing of any of the governmental development-impact fees, or the establishment of the appropriations limit for the Community Facilities District, or any other matters set forth in the Resolution of Intention, was heard and considered.
- G. All registered voters residing within the boundaries of the proposed Community

Facilities District, if any, and all owners of land within the boundaries of the proposed Community Facilities District that would not be exempt from the proposed levy of Special Tax, were allowed to submit written protests to any aspect of the proposals contained in the Resolution of Intention, and permitted to withdraw their protests prior to the close of the Public Hearing.

- H. The facilities and the governmental development-impact fees proposed to be financed will include, in addition to City facilities and fees, development-impact fees imposed on behalf of, and to be paid to, County Sanitation District No. 1, the Sacramento Regional County Sanitation District, and the Sacramento Metropolitan Air Quality Management District (collectively, the "Participating Local Agencies"). The City has entered into Joint Community Facilities Agreements with each of the Participating Local Agencies, as required by the Act.
- I. The Council is fully advised in this matter.

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

Section 1. The above recitals are true and correct, and the Council so finds and determines.

Section 2. Except to the extent inconsistent with this resolution, the Resolution of Intention is reaffirmed, and its provisions and findings are, to that same extent, incorporated herein by this reference.

Section 3. The Council accepts the Certificate of the City Clerk re: Posting of Notices of Continuances of Public Hearing, and finds, based thereon, that proper notices of the continued hearing have been given in accordance with the California Government Code, and that the continued Public Hearing was conducted with proper and legal notice in all respects.

Section 4. The Council finds and determines that at the close of the Public Hearing, written protests, if any, to the establishment of the Community Facilities District, or to the levy of the Special Tax, or to the extent of the Community Facilities District, or to the acquisition and construction of any of the facilities described in the Resolution of Intention, or to the financing of any of the governmental development-impact fees, or to the establishment of the appropriations limit for the Community Facilities District, or to any other matters contained in the Resolution of Intention, were submitted by less than 50 percent of the registered voters, or by less than six of the registered voters, if any, residing within the Community Facilities District. Similarly, the Council finds that at the close of the Public Hearing, such 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 Community Facilities District and not exempt from the Special Tax. Thus, the Council finds that it is not precluded, by the Act, from proceeding further in this matter. The Council hereby further orders and determines that all protests to the establishment of

the Community Facilities District, or the levy of the Special Tax proposed to be levied therein, or the extent of the Community Facilities District, or the acquisition and construction of any of the described facilities, or the financing of any of the governmental development-impact fees, or the establishment of the appropriations limit for the Community Facilities District, that may have been submitted, have been considered and are hereby overruled.

Section 5. The public capital facilities (the "Facilities") and governmental development-impact fees (the "Fees") authorized to be financed by and through the Community Facilities District are those shown on Exhibit B attached hereto, which by this reference is incorporated herein and made a part of this resolution. The Council finds that the Facilities and the Fees do not in any way exceed the description of the authorized facilities and fees proposed in the Resolution of Intention. All of the Facilities, including those to be provided through the Fees of the City and the Participating Local Agencies, have an estimated useful life of five (5) years or longer, and are facilities that the City or the Participating Local Agencies are authorized by law to construct, own or operate or to which they may contribute revenue; and the Facilities are necessary to meet increased demands placed upon the City and the Participating Local Agencies as a result of development occurring and anticipated to occur within the Community Facilities District. This authorization to finance the acquisition and construction of the Facilities includes incidental expenses for the Facilities comprising the costs of planning and designing the Facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the Community Facilities District, the issuance of debt (as defined in the Act, "Debt"), the determination of the amount of any Special Taxes or the collection or payment of any Special Taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the facilities. A representative list of incidental expenses proposed to be incurred are set forth on Exhibit C attached hereto, which by this reference is incorporated herein and made a part of this resolution.

Section 6. The proposed Rate and Method of Apportionment of the Special Tax of the Community Facilities District (the "RMA") shall be as set forth in Exhibit D, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of the Special Tax in sufficient detail to allow each landowner or resident within the Community Facilities District to estimate the maximum amount that such person will have to pay for the acquisition and construction of the Facilities and the payment of the Fees. The Council finds that the RMA does not in any way exceed the description of 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 for financing the acquisition and construction of the Facilities and the Fees that may be levied against any parcel of land used for private residential purposes (which use commences no later than the date on which an occupancy permit for private residential use is issued) is specified as a dollar amount and shall not increase by more than two percent (2%) per year; (b) the Special

Tax shall not be levied against such property after fiscal year 2046-2047 (except that a Special Tax lawfully levied in or before that year and that remains delinquent may be collected in subsequent years); and (c) under no circumstances shall the Special Tax be increased on such property, as a consequence of delinquency or default by the owner or owners of any other parcel or parcels of land within the Community Facilities District, by more than ten per cent (10%).

Section 7. If the election referred to in Section 12 hereof results in the approval of the ballot measure described herein, then upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the Special Tax shall attach to all nonexempt real property in the Community Facilities District, which lien shall 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 by the Council 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, the Special Tax, subject to the limits described in the RMA, but otherwise in an amount sufficient to pay for the acquisition and construction of the Facilities and the payment of the Fees, the making of lease payments for Facilities (whether in conjunction with the issuance of certificates of participation or not); including the payment of interest on and principal of Debt to be issued to finance the acquisition and construction of the Facilities and the payment of the Fees, and including the repayment of funds advanced by the City and the Participating Local Agencies for the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the City) for advances of funds or for the reimbursement for the lesser of the value or cost of work in-kind provided by any person or entity for the Community Facilities District, will be levied annually within the boundaries of the Community Facilities District.

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 Council reserves the right to utilize 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. Pursuant to Section 53340.1 of the Act, the Special Tax shall be levied on privately held leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the special tax), to be payable by the owner of the leasehold or possessory interests in such property.

Section 11. Pursuant to Section 53325.7 of the Act, and subject to the voter approval requirement contained in that Section, the fiscal year 2006-2007 appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution for

the Community Facilities District, and subject to adjustment as provided therein, is established in the amount of \$5 million.

Section 12. The Council will submit the authorizations of this resolution to the qualified electors of the Community Facilities District in a special mailed-ballot election. Based on findings to be formally made by the Council in a resolution to be adopted this date that calls a special mailed-ballot election within the Community Facilities District, to which reference is made for further particulars, the qualified electors of the Community Facilities District are the landowners owning property that will not be exempt from the Special Tax within the Community Facilities District, in accordance with Section 53326(b) of the Act.

Section 13. In the opinion of the Council, the public interest will not be served by allowing the property owners in the Community Facilities District to enter into a contract pursuant to 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 Finance Division of the City, 915 "I" Street, City Hall, Third Floor, Sacramento, CA 95814, telephone (916) 808-8788, will be responsible for annually preparing, or causing to be prepared, the roll of Special Tax levies on the parcels within the Community Facilities District identified by Sacramento County Assessor's parcel numbers, and will be responsible for estimating future Special Tax levies pursuant to Section 53340.2 of the Act.

Section 15. The Council finds and determines that all proceedings conducted and approved by the Council with respect to the establishment of the Community Facilities District, up to and including the adoption of this resolution, and the other resolutions adopted this date in connection with the Community Facilities District, are valid and in conformity with the requirements of the Act, and this determination is final and conclusive for all purposes and is binding upon all persons. Accordingly, the Council finds, determines and orders that the Community Facilities District 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 immediately upon its adoption.

EXHIBIT B
CITY OF SACRAMENTO
COMMUNITY FACILITIES DISTRICT NO. 2006-02

LIST OF AUTHORIZED FEES AND/OR FACILITIES

1. Sacramento Metropolitan Air Quality Management District fees
2. Habitat conservation plan fees associated with (a) lands located within the CFD and acquired for public use, and (b) lands located outside the CFD and acquired for habitat (Sacramento City Code, chapter 18.40)
3. Water connection fees
4. Natomas Area development fees (Sacramento City Code, chapter 18.24)
5. Regional Park fees
6. Sacramento County Sewer Fees
 - (a) County Sanitation District No. 1
 - (b) Sacramento Regional County Sanitation District
7. Supplemental drainage fee (building permit fee)
8. Construction of detention basins, including but not limited to grading, excavation, and landscaping
9. All work, materials, and equipment needed to install traffic signals and to widen intersections at (a) Del Paso Road at Natomas Central Drive, and (b) Del Paso Road at Hovnanian Drive
10. Collector roadways (Natomas Central Drive, Hovnanian Drive, and Manera Rica Drive) and other major roads that are eligible for funding under guidelines set forth in the City's Policies and Procedures for Use of Special Assessment and Mello-Roos Community Facilities District Financing, as may be amended. Improvements may include but are not limited to clearing, grading, installing asphalt concrete with aggregate base, raised center median, median landscaping where appropriate, storm drainage facilities, street signs, streetlights, widening at intersections, corridor landscaping and sound walls, major utility conduits, utility conduit crossing, right-of-way acquisition, and all necessary appurtenances to mentioned roads.
11. Landscaping, equipment, and facilities for nature parks and open space
12. Private dry utilities (e.g., electric, telephone, natural gas, and cable television)
13. Engineering, construction staking, construction management, plan check and inspection, administrative and legal expenses
14. Public land acquisition, subject to the following: (a) land acquired by the city or another public agency before CFD formation is eligible only if covered by a

reimbursement agreement or a City policy allowing for reimbursement; (b) fee credits associated with the land will be deducted from the reimbursable amount.

15. Construction Excise Tax (Sacramento City Code, chapter 3.36)
16. Sewer Development Fee
17. Water Development Fee
18. Housing Trust Fund Fee
19. Water and Sewer Tap Fee
20. City Quimby Park Fee
21. Park Development Impact Fee (Sacramento City Code, chapter 18.44)
22. Any other fees whose reimbursement the City Attorney, the City Treasurer, and bond counsel for the CFD determine is permitted by law and will not jeopardize the tax-exempt status of the bonds.

Incidental Expenses Directly Related to Capital Facilities

In addition to the direct costs of acquiring, constructing and installing the foregoing authorized facilities, proceeds of the Special Tax and sale of the Bonds may also be expended to pay the incidental costs and expenses of the City, the Developer or any related entity and any member of the City, reasonably related to the authorized facilities, in providing for the study (including environmental review, analysis and documentation), design, construction contract administration, reasonable general administration and overhead expense allocated thereto in accordance with customary practice in the industry.

Without limiting the generality of the foregoing authorized incidental expenses shall include the following:

1. Civil Engineering
2. Soils Engineering
3. Grading for Public Facilities
4. Plan Check Fees
5. Inspection Fees
6. Interest on Construction Loan
7. Construction Management costs
8. Bid Package Preparation
9. Reimbursement Package Preparation Costs

EXHIBIT C

NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02 CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS

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

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

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

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

EXHIBIT D

**CITY OF SACRAMENTO
NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the City of Sacramento Natomas Central Community Facilities District No. 2006-02 (herein "CFD No. 2006-02") shall be levied and collected according to the tax liability determined by the City Council through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2006-02, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"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 parcel map recorded at the County Recorder's Office.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City in carrying out its duties with respect to CFD No. 2006-02 and the Bonds, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, amounts needed to pay rebate to the federal government with respect to Bonds, costs associated with complying with continuing disclosure requirements under the California Government Code with respect to the Bonds and the Special Tax, and all other costs and expenses of the City in any way related to the establishment or administration of CFD No. 2006-02.

"Administrator" shall mean the person or firm designated by the City to administer the Special Taxes according to this RMA.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

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

“Authorized Facilities” means those facilities that are authorized to be funded by CFD No. 2006-02.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 2006-02 related to public infrastructure and/or improvements that will serve property included within CFD No. 2006-02.

“Buildable Lot” means an individual lot within a Final Map for which a building permit may be issued without further subdivision of such lot.

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

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 2006-02 was adopted by the City Council.

“City” means the City of Sacramento.

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

“County” means the County of Sacramento.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction was issued prior to June 1 of the preceding Fiscal Year.

“Exempt Property” means:

- (1) Public Property, except as otherwise authorized by Sections 53317.3 and 53317.5 of the Act;
- (2) Parcels that are owned by a public utility for an unmanned facility;
- (3) Parcels that are subject to an easement or other instrument that precludes any other use on the Parcel; and
- (4) Parcels identified as lettered lots on a large lot parcel map because such Parcels are designated as a park site, school site, or other site that will ultimately be owned by a public agency.

“Expected Land Uses” means the total number of Residential Units expected within the CFD at the time of CFD Formation. The Expected Land Uses are identified in Attachment 2 of this RMA.

“Expected Maximum Special Tax Revenues” means the amount of annual revenue that would be available within the CFD if the Maximum Special Tax was levied on the Expected Land Uses, assuming a five percent loss of units that were originally part of the Expected Land Uses in Tax Zone 1. The Expected Maximum Special Tax Revenues are shown in Attachment 2 of this RMA and may be reduced due to prepayments in future Fiscal Years or changes in land use as set forth in Section D below.

“Final Bond Sale” means the issuance of the last series of Bonds that will be issued on behalf of CFD No. 2006-02 (excluding any Bond refundings), as determined in the sole discretion of the City.

“Final Map” means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates Buildable Lots. The term “Final Map” shall not include (i) any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof that does not create Buildable Lots, or (ii) Assessor’s Parcels that are designated as remainder parcels.

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

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

“Maximum Special Tax” means the greatest amount of Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C and D below.

“Other Taxable Property” means all Parcels of Taxable Property in CFD No. 2006-02 which are not Residential Property as defined herein.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Taxes levied in any Fiscal Year to the Maximum Special Taxes authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Taxes is equal for all Assessor’s Parcels of Undeveloped Property.

“Public Property” means any property within the boundaries of CFD No. 2006-02 that is owned by the City, federal government, State of California or other public agency; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. Privately owned property that is otherwise constrained by public use and necessity through easement, lease or license shall be considered Public Property.

“Residential Property” means all Parcels in CFD 2006-02 that are developed or are expected to be developed with Residential Units as defined herein.

“Residential Unit” means a single family detached unit or an individual unit within a duplex, triplex, halfplex, fourplex, condominium, townhome, live/work, or apartment structure. A second unit (granny flat) that shares a Parcel with a single family detached unit shall not be considered 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 (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected (iv) to pay Administrative Expenses, and (v) to pay the costs of public improvements and public infrastructure authorized to be financed by CFD No. 2006-02. The Special Tax Requirement may be reduced in any Fiscal Year by (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture or other legal document that sets forth these terms, (ii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Tax Zone 1” means the geographic area that is specifically identified in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone 1.

“Tax Zone 2” means the geographic area that is specifically identified in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone 2.

“Tax Zone 3” means the geographic area that is specifically identified in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone 3.

“**Tax Zone 4**” means the geographic area that is specifically identified in Attachment 1 of this Rate and Method of Apportionment of Special Tax as Tax Zone 4.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD No. 2006-02 which are not exempt from the Special Tax pursuant to law or Section G below.

“**Undeveloped Property**” means, in any Fiscal Year, all Parcels of Taxable Property that are not Developed Property as defined herein.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property. The Administrator shall also determine: (i) within which Tax Zone each Assessor's Parcel is located, (ii) whether each Assessor's Parcel of Taxable Property is Developed Property or Undeveloped Property, and (iii) the Special Tax Requirement.

In addition, the Administrator shall, *on an ongoing basis*, monitor whether changes in land use have been proposed that will affect the Expected Maximum Special Tax Revenues. If the Expected Maximum Special Tax Revenues will be reduced pursuant to a proposed land use change, the Administrator shall apply the steps set forth in Section D below.

In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in CFD No. 2006-02 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAX

1. Developed Property

Following are the Maximum Special Tax rates for Parcels of Developed Property in CFD 2006-02:

Table 1

| Tax Zone | Maximum Special Tax Fiscal Year 2006-07 * |
|------------------------|---|
| Tax Zone 1 | \$1,140 per Residential Unit |
| Tax Zone 2 | \$960 per Residential Unit |
| Tax Zone 3 | \$840 per Residential Unit |
| Tax Zone 4 | \$8,000 per Acre |
| Other Taxable Property | \$10,600 per Acre |

**** On July 1, 2007 and each July 1 thereafter, the Maximum Special Taxes shown above shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.***

2. *Undeveloped Property*

The Maximum Special Tax for Undeveloped Property for Fiscal Year 2006-07 is \$10,600 per Acre. On July 1, 2007 and each July 1 thereafter, the Maximum Special Tax for Undeveloped Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year.

D. CHANGES TO LAND USES WITHIN CFD NO. 2006-02

Prior to the Final Bond Sale, changes to the Expected Land Uses (including a reduction in Buildable Lots) may occur without any required prepayment of Special Taxes. If such changes result in a reduction to the Expected Maximum Special Tax Revenues anticipated at CFD Formation, the Administrator shall revise Attachment 2 to reflect the new Expected Maximum Special Tax Revenues, which shall then be used to determine the amount of Bonds that can be issued. If a land use change occurs after the Final Bond Sale and such change results in a reduction in the Expected Maximum Special Tax Revenues, the following steps shall be applied to ensure there is no reduction in Maximum Special Tax revenues:

Step 1: By reference to Attachment 2 (which will be updated by the Administrator each time a land use change has been processed according to this Section D), the Administrator shall identify the then-current Expected Maximum Special Tax Revenues for CFD No. 2006-02;

Step 2: The Administrator shall calculate the Maximum Special Tax

Revenues that could be collected from property in the CFD if the land use change is approved;

Step 3: If the revenues calculated in Step 2 are: (i) less than those calculated in Step 1 and (ii) not sufficient to maintain 110% coverage on the Bonds' debt service, the landowner of the property affected by the change in Expected Land Uses must prepay an amount sufficient to retire a portion of the Bonds and maintain 110% coverage on the Bonds' debt service. The required prepayment shall be calculated using the formula set forth in Section H below. If the mandatory prepayment has not been received by the City prior to the issuance of the first building permit for new construction within the Final Map that reflects that land use change, the Administrator may, in the next Fiscal Year, levy the amount of the mandatory prepayment on any Parcel(s) of Undeveloped Property within that Final Map.

If the revenues calculated in Step 2 are less than those calculated in Step 1, but the revenues calculated in Step 2 are sufficient to maintain 110% coverage on the Bond's debt service, no such mandatory prepayment will be required. In addition, if the amount determined in Step 2 is higher than that calculated in Step 1, no such mandatory prepayment will be required.

E. METHOD OF LEVY OF THE SPECIAL TAXES

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

Step 1: The Special Tax shall be levied Proportionately on each Parcel of Developed Property in CFD No. 2006-02 up to 100% of the Maximum Special Tax for Developed Property determined pursuant to Section C.1 above until the amount levied on Developed Property is equal to the Special Tax Requirement prior to applying Capitalized Interest that is available under the applicable Indenture.

Step 2: If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Special Tax for such Undeveloped Property determined pursuant to Section C.2.

Step 3: If additional revenue is needed to meet the Special Tax Requirement after applying the first two steps, the Special Tax shall be levied Proportionately on each Parcel of Public Property, exclusive of property exempt from the Special Tax pursuant to Section G below, up to 100% of the Maximum Special Tax for Undeveloped Property for such Fiscal Year determined pursuant to Section C.2.

F. MANNER OF COLLECTION OF SPECIAL TAXES

The Special Taxes for CFD No. 2006-02 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section H below and provided further that 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 shall be levied and collected until principal and interest on Bonds have been repaid and authorized facilities to be constructed directly from Special Tax proceeds have been completed. However, in no event shall Special Taxes be levied after Fiscal Year 2046-2047.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied in any Fiscal Year on Exempt Property or on Parcels that have fully prepaid the Special Tax obligation assigned to the Parcel pursuant to the formula set forth in Section H below.

H. PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section H:

“Remaining Facilities Costs” means the Public Facilities Requirement minus public facility costs funded by Outstanding Bonds, developer equity and/or any other source of funding.

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and 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), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

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

“Public Facilities Requirements” means either \$25,000,000 in 2006 dollars, which shall increase on January 1, 2007, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such lower number as shall be determined by the City as sufficient to fund improvements that are authorized to be funded by CFD No. 2006-02.

The Special Tax obligation applicable to an Assessor’s Parcel in CFD No. 2006-02 may be prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. Included, as Attachment 3 herein, is a sample prepayment calculation for one Parcel in Tax Zone 1. The Prepayment Amount shall be calculated as follows (capitalized terms as defined above or below):

| | |
|--------|----------------------------------|
| | Bond Redemption Amount |
| plus | Remaining Facilities Amount |
| plus | Redemption Premium |
| plus | Defeasance Requirement |
| plus | Administrative Fees and Expenses |
| less | <u>Reserve Fund Credit</u> |
| equals | Prepayment Amount |

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1.** Compute the total Maximum Special Tax that could be collected from the Assessor’s Parcel prepaying the Special Tax in the Fiscal Year in which prepayment would be received by the City. If this Section H is being applied to calculate a prepayment pursuant to Section D above, use, for purposes of this Step 1, the amount by which the Expected Maximum Special Tax Revenues have been reduced below the amount needed to maintain 110% coverage on the Bond’s debt service due to the change in land use that necessitated the prepayment.

- Step 2.** Divide the Maximum Special Tax computed pursuant to Step 1 for such Assessor's Parcel by the total Expected Maximum Special Tax Revenues for all property in the CFD, as shown in Attachment 2 of this RMA or as adjusted by the Administrator after prepayments or land use changes.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment will be received until the earliest redemption date for the Outstanding Bonds. However, if Bonds are callable at the first interest payment date after the prepayment has been received, Steps 7, 8 and 9 of this prepayment formula will not apply.
- Step 8:** Compute 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 computed pursuant to Step 8 from the amount computed pursuant to Step 7 (*the "Defeasance Requirement"*).
- Step 10.** The administrative fees and expenses associated with the prepayment will be determined by the Administrator and include the costs of computing the prepayment, redeeming Bonds and recording any notices to evidence the prepayment and the redemption (*the "Administrative Fees and Expenses"*).

Step 11. If, at the time the prepayment is calculated, the reserve fund is greater than or equal to the reserve requirement, and to the extent so provided in the Bond indenture, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "**Reserve Fund Credit**").

Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the "**Prepayment Amount**").

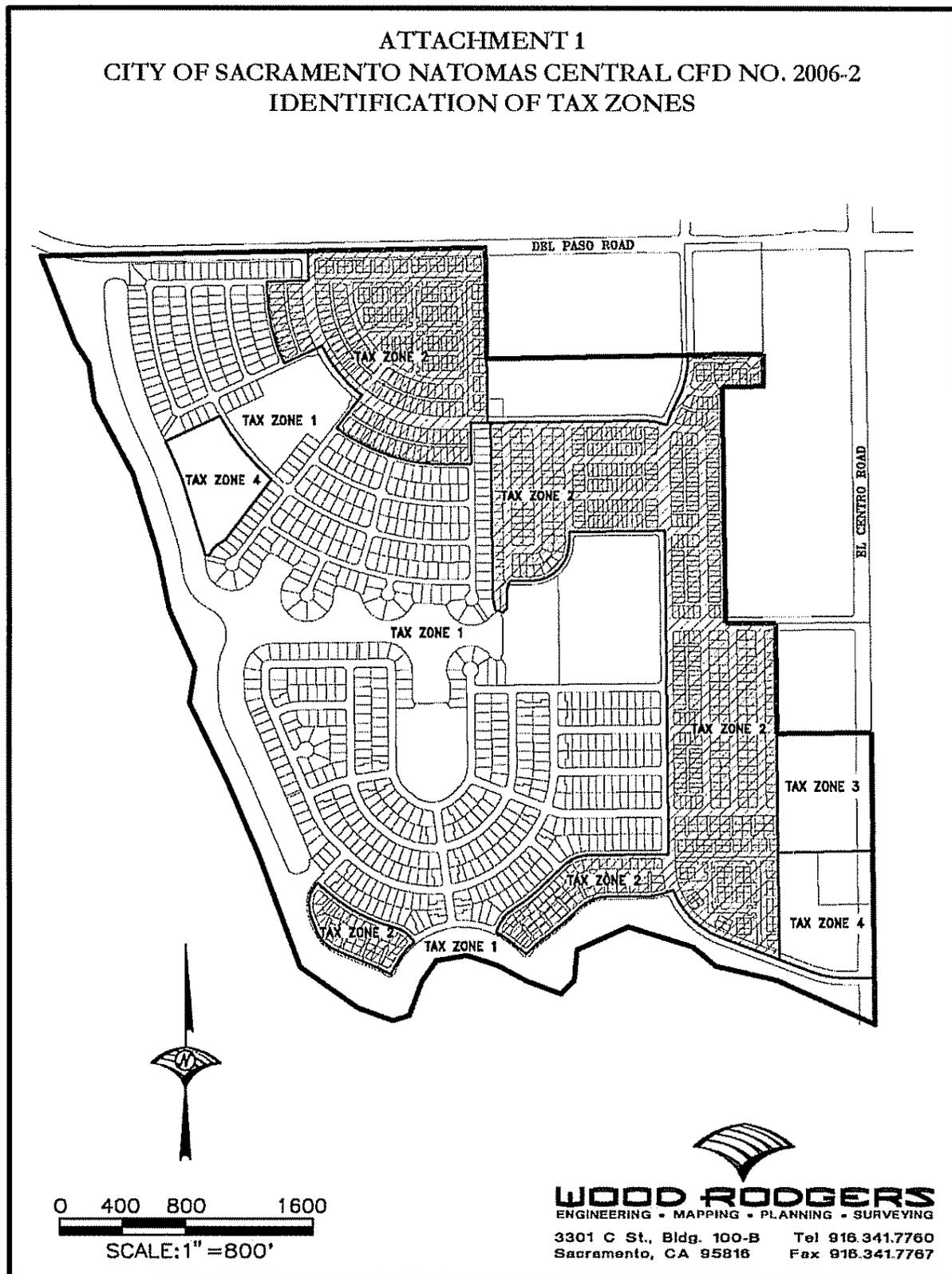
See Attachment 3 for sample prepayment calculation.

I. INTERPRETATION OF SPECIAL TAX FORMULA

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rates, method of apportionment, classification of properties or any definition applicable to the CFD.

J. APPEALS

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the City appealing the levy of the Special Tax. The City shall then promptly review the appeal and, if necessary, meet with the applicant. If the City verifies that the Special Tax should be modified, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.




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ATTACHMENT 2

**Natomas Central Community Facilities District No. 2006-02
Expected Land Uses and Expected Maximum Special Tax Revenues**

| Zoning Designation | Expected # of Residential Units/Acres | Expected Net Acreage | Maximum Special Tax per Residential Unit/Acre FY 2006-07[1] | Expected Maximum Special Tax Revenues[1] |
|---|--|-----------------------------|--|---|
| Tax Zone 1 | 694 Units | 99.0 Acres | \$1,140 per Lot | \$791,160 |
| Tax Zone 2 | 970 Units | 76.1 Acres | \$960 per Lot | \$931,200 |
| Tax Zone 3 | 95 Units | 8.6 Acres | \$840 per Lot | \$79,800 |
| Tax Zone 4 | 13 Acres | 13.0 Acres | \$8,000 per Acre | \$104,000 |
| Maximum Special Tax Revenues Based on Estimated Units at CFD Formation | | | | \$1,906,160 |
| CFD Buffer (Assumes loss of 5 Percent of Units in Tax Zone 1) | | | | <u>(\$39,558)</u> |
| Expected Maximum Special Tax Revenues, Fiscal Year 2006-07 | | | | \$1,866,602 |

[1]: On July 1, 2007 and each July 1 thereafter, the Maximum Special Tax and Expected Maximum Special Tax Revenues shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year

ATTACHMENT 3
Natomas Central Community Facilities District No. 2006-02
Sample Prepayment Calculation

| | | |
|--|--|------------------|
| Assumptions (2006 \$) | | |
| Maximum Tax on a Unit in Tax Zone 1 | | \$1,140 |
| Expected Maximum Special Tax Revenues in CFD | | \$1,866,602 |
| Total Facilities Costs | | \$25,000,000 |
| Construction Proceeds from First Bond Issue | | \$25,000,000 |
| Total Remaining Facilities Costs | | \$0 |
| Redemption Premium | 3.00% | |
| Reserve Fund Requirement | 10.00% | |
| Outstanding Bonds | | \$29,000,000 |
| <hr/> | | |
| Sample Prepayment Calculation (Tax Zone 1 Unit) | | |
| <i>Steps from Section H of the RMA</i> | | |
| Step 1: Maximum Special Tax per Unit | Source or Calculation Method | \$1,140 |
| Step 2: Maximum Tax as a % of Total Expected Revenues | [From above] | 0.061074% |
| Step 3: "Bond Redemption Amount" | [Step 1 divided by Max Tax Revenues] | \$17,711 |
| Step 4: Total Remaining Facilities Costs | [Step 2 multiplied by Outstanding Bonds] | \$0 |
| Step 5: "Remaining Facilities Amount" | [From above] | \$0 |
| Step 6: "Redemption Premium" | [Step 2 multiplied by Step 4] | \$531 |
| Step 7: Interest Required on Bond Redemption Amount | [Step 3 multiplied by Redemption Premium %] | \$0 ¹ |
| Step 8: Interest City makes on Bond Redemption Amount and Redemption Premium | [Covered by Special Tax levied in the year of prepayment] | \$0 |
| Step 9: "Defeasance Requirement" | [None due to bonds being retired at next interest payment] | \$0 |
| Step 10: "Administrative Fees and Expenses" | [Step 7 minus Step 8] | \$500 |
| Step 11: "Reserve Fund Credit" | [Assumes \$500 per unit] | (\$1,771) |
| Step 12: "Prepayment Amount" | [Step 3 multiplied by Reserve Fund Requirement %] | \$16,972 |
| Prepayment for One Unit in Tax Zone 1 | | \$16,972 |

¹: Assumes bonds can be redeemed at the first interest payment after the prepayment has been received.

Goodwin Consulting Group, Inc.

ATTACHMENT 5

RESOLUTION NO.

Adopted by the Sacramento City Council

**RESOLUTION DEEMING IT NECESSARY TO INCUR BONDED
INDEBTEDNESS TO FINANCE THE ACQUISITION AND
CONSTRUCTION OF CERTAIN PUBLIC FACILITIES, AND THE
PAYMENT OF CERTAIN GOVERNMENTAL DEVELOPMENT-
IMPACT FEES IN ORDER TO MITIGATE THE IMPACTS OF
DEVELOPMENT WITHIN NATOMAS CENTRAL COMMUNITY
FACILITIES DISTRICT NO. 2006-02, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

BACKGROUND

- A.** The City Council (the "Council") of the City of Sacramento (the "City") duly adopted its Resolution No. 2006-729 (the "Resolution of Intention") on October 10, 2006 wherein the Council declared its intention to and proposed to establish a community facilities district within its jurisdictional boundaries under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the "Act"), to be known and designated as "Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), to finance the acquisition and construction of certain public capital facilities and to finance certain governmental development-impact fees for public capital facilities.
- B.** The Council also adopted Resolution No. 2006-730 (the "Resolution to Incur Bonded Indebtedness") on October 10, 2006, declaring its intention to incur a bonded indebtedness in the principal amount of not to exceed thirty-five million dollars (\$35,000,000) to finance the acquisition and construction of the facilities and to finance the governmental development-impact fees described in the Resolution of Intention.
- C.** The Resolution to Incur Bonded Indebtedness fixed a time and place for a public protest hearing (the "Public Hearing") to be held by the Council to consider incurring the proposed debt and to consider any other matters set forth in the Resolution to Incur Bonded Indebtedness.
- D.** Pursuant to the Resolution to Incur Bonded Indebtedness, the Public Hearing was opened by the Council on Tuesday, November 14, 2006, at 2:00 p.m., or as soon thereafter as the Council was able to reach the matter, in the Council

Chambers at the Sacramento City Hall at 915 "I" Street, Sacramento, California. The Council then continued the Public Hearing to January 9, 2007 at 2:00 p.m. On January 9, 2007, the Council, after finding that the complexity of the proposed Community Facilities District and the need for public participation required additional time, continued the Public Hearing to January 30, 2007, at 7:00 p.m. The City Clerk has submitted to the Council her Certificate that proper notices of the continuances were posted by the entrance to the Council Chambers.

- E. The Public Hearing was then resumed in the Council Chambers on the date and at the time specified in the posted notice. At the Public Hearing the Council considered the amount and the term of the bonds proposed to be authorized by the Community Facilities District, and all other matters set forth in the Resolution to Incur Bonded Indebtedness; and at the Public Hearing all persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, were given an opportunity to appear and to be heard on, and they were permitted to present any matters relating to, the necessity for incurring the bonded indebtedness to finance the costs of the acquisition and construction of the facilities and the financing of the governmental development-impact fees described in the Resolution of Intention; and the testimony of all interested persons and all taxpayers, property owners and registered voters for or against the authorization to issue bonds of the Community Facilities District or any other matters set forth in the Resolution to Incur Bonded Indebtedness, was heard and considered.
- F. All registered voters residing within the boundaries of the proposed Community Facilities District, if any, and all owners of land within the boundaries of the proposed Community Facilities District that would not be exempt from the proposed levy of a special tax, were allowed to submit written protests against incurring the proposed bonded indebtedness and any aspect of the proposals contained in the Resolution to Incur Bonded Indebtedness, and permitted to withdraw their protests prior to the close of the public Hearing.
- G. The Council has adopted on this date its Resolution No. 2007-___ establishing the Community Facilities District (the "Resolution of Formation") which sets forth the special tax to be authorized within the Community Facilities District and the facilities (the "Facilities") and governmental development-impact fees (the "Fees") that may be financed with the proceeds of the special tax collections.
- H. The Council is fully advised in this matter.

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

Section 1. The above recitals are true and correct, and the Council so finds and determines.

Section 2. The Council accepts the Certificate of the City Clerk re: Posting of Notices of Continuances of Public Hearing, and finds, based thereon, that proper notices of the continued hearing have been given in accordance with the California Government Code, and that the continued Public Hearing was conducted with proper and legal notice in all respects.

Section 3. The Council finds and determines that at the close of the Public Hearing, written protests, if any, against incurring the proposed bonded indebtedness and any aspect of the proposals contained in the Resolution to Incur Bonded Indebtedness, were submitted by less than 50 percent of the registered voters, or by less than six of the registered voters, if any, residing within the Community Facilities District. Similarly, the Council finds that at the close of the Public Hearing, such 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 Community Facilities District and not exempt from the special tax. Thus, the Council finds that it is not precluded, by the Act, from proceeding further in this matter. The Council hereby further orders and determines that all protests against incurring the proposed bonded indebtedness and any aspect of the proposals contained in the Resolution to Incur Bonded Indebtedness that may have been submitted, have been considered and are hereby overruled.

Section 4. The Council hereby declares that the public convenience and necessity require, and it is necessary, that a bonded indebtedness be incurred to finance the acquisition and construction of the Facilities, and the financing of the Fees, described in the Resolution of Formation. The authorization to finance the acquisition and construction of the Facilities and to finance the Fees includes incidental expenses for the Facilities comprising the costs of planning and designing the Facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the Community Facilities District, the issuance of debt (as that term is defined in the Act, "Debt"), the determination of the amount of any special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities. Such costs and expenses are further described in Exhibit C to the Resolution of Formation.

Section 5. The whole of the territory within the Community Facilities District will be benefited by the Debt and will be subject to the special tax to pay for the Debt.

Section 6. The amount of the proposed Debt to be incurred to finance the acquisition and construction of the Facilities and to finance the Fees shall not exceed thirty-five million dollars (\$35,000,000), which amount may include 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, 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 pursuant to the Act, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, bond and other reserve funds, discount fees,

interest on any Debt of the Community Facilities District estimated to be due and payable within two (2) years of issuance, election costs, and all costs of issuance of the Debt, including, but not limited to, fees for bond 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 Debt shall not exceed forty (40) years from the date of its issuance.

Section 8. The maximum annual rate or rates of interest to be paid on any Debt shall not exceed twelve percent (12%) per annum, payable at least annually the first year and semiannually thereafter.

Section 9. Pursuant to Section 53353.5 of the Act, the authority to levy the special tax to finance the facilities and fees, the question of setting the appropriations limit for the Community Facilities District, and the question whether the Community Facilities District will be authorized to incur Debt shall be combined into a single ballot question, and submitted to the qualified electors of the Community Facilities District at a special mailed-ballot election with ballots to be delivered to the City Clerk no later than 5:00 p.m. on Friday, February 9, 2007. If prior to that time the Clerk shall have received all of the eligible ballots to be cast, pursuant to Section 53351(j) the Clerk will at that time declare the election closed.

Section 10. The election shall be conducted in accordance with the Council's Resolution No. 2007-___ Calling Special Mailed-Ballot Election, to be adopted this date, to which reference is made for further particulars.

Section 11. If the ballot proposition receives the approval of two-thirds (2/3) or more of the votes cast on the proposition, the Debt may be issued and sold for the purpose for which it was authorized, and the Debt (except where funds are otherwise available) shall be paid exclusively from the annual levy of the special tax and is not and shall not be secured by any other taxing power or funds of the City.

Section 12. It is the intention of the Council that any Debt issued shall be callable (may be redeemed prior to its maturity date) in accordance with the terms of the Act.

Section 13. This resolution takes effect immediately upon its passage.

ATTACHMENT 6

RESOLUTION NO.

Adopted by the Sacramento City Council

**RESOLUTION CALLING SPECIAL MAILED-BALLOT ELECTION
WITHIN NATOMAS CENTRAL COMMUNITY FACILITIES
DISTRICT NO. 2006-02, CITY OF SACRAMENTO, COUNTY OF
SACRAMENTO, STATE OF CALIFORNIA**

BACKGROUND

- A.** The City Council (the "Council") of the City of Sacramento (the "City"), on October 10, 2006, adopted its Resolution No. 2006-729 (the "Resolution of Intention") and its Resolution No. 2006-730 (the "Resolution to Incur Bonded Indebtedness") thereby initiating proceedings to establish a community facilities district under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53311) of the Government Code of the State of California (the "Act"), to be known and designated as "Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District").
- B.** Both the Resolution of Intention and the Resolution to Incur Bonded Indebtedness set public protest hearings to be held concurrently on November 14, 2006 (the "Public Hearing").
- C.** On November 14, 2006, at the time and place set, the Public Hearing was opened by the Council, and then continued to January 9, 2007.
- D.** On January 9, 2007, at the time and place set, the Public Hearing was reopened by the Council, and then, after making findings that the complexity of the proposed Community Facilities District and the need for public participation required additional time, the Council continued the Public Hearing to January 30, 2007.
- E.** The City Clerk has submitted to the Council her Certificate that proper notices of the continuances of the Public Hearing were posted by the entrance to the Council Chambers.
- F.** The Public Hearing was then resumed in the Council Chambers on the date and at the time specified in the posted notice. At the close of the Public Hearing, the

Council determined that there was no majority protest under Section 53324 of the Government Code.

- G. At the conclusion of the Public Hearing, the Council adopted its Resolution No. 2007-___ establishing the Community Facilities District (the "Resolution of Formation") pursuant to Section 53325.1 of the Act, and its Resolution No. 2007-___ Deeming It Necessary To Incur Bonded Indebtedness (the "Resolution Deeming it Necessary to Incur Bonded Indebtedness") pursuant to Section 53351 of the Act.
- H. In order to proceed with the levy of the special tax and establishment of an appropriations limitation for the Community Facilities District, as provided by the Resolution of Formation, and with the incurring of indebtedness as provided by the Resolution Deeming it Necessary to Incur Bonded Indebtedness, the three matters must be submitted to an election of the qualified electors of the Community Facilities District.
- I. The three ballot questions just described may be combined into a single ballot measure pursuant to Section 53353.5 of the Act, as provided in the form of special election ballot attached hereto as Exhibit A and by this reference incorporated herein.
- J. A Certificate Re: Registered Voters and Landowners (the "Certificate re: Landowners") has been filed with the City Clerk (the "Clerk") and submitted to the Council, certifying that at no time during the ninety days preceding the close of the Public Hearing on January 30, 2007, were there ever twelve or more persons registered to vote within the territory of the Community Facilities District.
- K. A Certificate of Clerk re: Receipt of Property Owner Waiver, Consent and Appointments has been submitted by the Clerk, stating that each Landowner, or an authorized representative of each Landowner, has filed with the Clerk a properly executed Waiver, Consent and Appointment (as defined in Section 4 below) in the form attached hereto as Exhibit B, and by this reference incorporated herein.
- L. The Council is fully advised in this matter.

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

Section 1. The above recitals are true and correct, and the Council so finds and determines.

Section 2. The Council accepts the Certificate re: Landowners heretofore filed in these proceedings and finds, in accordance therewith, that there presently are, and at all times during the ninety days just past there have been, fewer than twelve registered voters residing within the boundaries of the Community Facilities District. Accordingly, under Section 53326(b) of the Act, the qualified electors of the Community Facilities

District for the proposed special election shall be the owners of land within the Community Facilities District.

Section 3. The Council further finds and determines that the owners of land within the Community Facilities District (the "Landowners") are the landowners set forth in the attachment to the Certificate re: Landowners and that the attachment correctly sets forth the amount of property owned by each Landowner and the number of votes to which each Landowner is entitled pursuant to Section 53326(b), being the number of acres owned rounded up to the next whole acre.

Section 4. The Council hereby 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 hereto as Exhibit B. The Council hereby finds that the rights, procedures and time periods therein waived are solely for the protection of the qualified electors and may be waived by the qualified electors under Section 53326(a) and 53327(b) of the Act and under other provisions of law dealing with waiver generally, and that the Waiver, Consent and Appointment constitutes a full and knowing waiver, by any qualified elector who has executed the form, of those rights, procedures and time periods.

Section 5. The Council further finds and determines, based on a Certificate of Clerk re: Receipt of Property Owner Waiver, Consent and Appointments provided this date by the Clerk, that each Landowner, or an authorized representative of each Landowner, has filed with the Clerk a properly executed Waiver, Consent and Appointment. The Council therefore is establishing the procedures and time periods for this special mailed-ballot election without regard to statutory schedules.

Section 6. Pursuant to Sections 53326 and 53351 of the Act, the Council hereby calls an election, to be held and conducted upon adoption of this Resolution, and sets February 9, 2007, as the election date. Pursuant to Section 53326 of the Act, the election shall be conducted by mailed ballot; provided that personal service of the respective ballots to authorized representatives of each Landowner is permitted under the terms of the Waiver, Consent and Appointment forms on file with the Clerk and shall therefore be permitted. The Clerk is directed to either mail or make personal service of the ballots, in the form of the attached Exhibit A, to each Landowner or, if one has been appointed pursuant to a Waiver, Consent and Appointment, to the Landowner's authorized representative.

Section 7. The proposition to be submitted to the qualified electors of the Community Facilities District shall be as set forth in the form of special election ballot attached hereto as Exhibit A.

Section 8. The Clerk is hereby designated as the official to conduct the special mailed-ballot election pursuant to the Act and California Elections Code Sections 307 and 320 and the following provisions:

- (a) The special election shall be held and conducted, and the votes canvassed and the returns made, and the results determined, as provided herein; and in all particulars not prescribed by this Resolution the special election shall be held and conducted and the votes received and canvassed in the manner provided by law for the holding of special elections consistent with the Act.
- (b) All Landowners within the Community Facilities District as of the close of the Public Hearing shall be qualified to vote upon the proposition to be submitted at the special election.
- (c) The special election shall be conducted as a mailed-ballot election, in accordance with the provisions of the Act and the proceedings of the Council, and there shall be no polling places for the special election. All ballots shall be delivered or mailed by the Clerk to the Landowners, and all voted ballots are required to be received by the Clerk not later than 5:00 p.m. on the day of the election in order to be counted. However, if at any time the Clerk determines that all votes have been cast, the 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 opposite 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 opposite 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 Clerk shall commence the canvass of the returns of the special election, and report the returns to the Council no later than the Council meeting of February 13, 2007.
- (f) The Council may thereupon declare the results of the special election, and shall cause to be spread upon its minutes a statement of the results of the special election as ascertained by the canvass.

Section 9. This resolution takes effect immediately upon its passage.

EXHIBIT A

NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

SPECIAL ELECTION BALLOT

(Mailed-Ballot Election)

This ballot is for the use of the authorized representative of the following owner of land within the Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California ("the Community Facilities District"):

| <u>Name of Landowner</u> | <u>Number of Acres Owned</u> | <u>Total Votes</u> |
|--------------------------|------------------------------|--------------------|
| _____ | [] | [] |

According to the provisions of the Mello-Roos Community Facilities Act of 1982, and resolutions of the City Council (the "Council") of the City of Sacramento (the "City"), the above-named Landowner is entitled to cast the number of votes shown above under the heading "Total Votes," representing the total votes for the property owned by the Landowner.

In order to be counted, this ballot must be executed and certified below and be returned to the City Clerk, by mail or in person, prior to 5:00 p.m. on February 9, 2007, in the Sacramento City Hall, 915 "I" Street, Sacramento, California.

Mailing by that time will not be sufficient. This ballot must be received by the time stated in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS
BALLOT.

BALLOT MEASURE

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

Shall the City Council (the "Council") of the City of Sacramento, by and through its Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California (the "District"), be authorized to annually levy a special tax within the District to finance the acquisition and construction of certain public facilities and to finance certain governmental development fees (collectively, the "Facilities"), and be authorized to incur debt in the principal amount of not to exceed thirty-five million dollars (\$35,000,000) to pay for the Facilities, including the payment, using the proceeds of the special tax collections, of principal of and interest on the debt and including the repayment of funds advanced for the authorized purposes of the Community Facilities District all as described in the Council's Resolution of Formation (No. 2007-____) and in the Council's Resolution Deeming it Necessary to Incur Bonded Indebtedness (No. 2007-____), both adopted January 30, 2007; and shall the 2006-2007 appropriations limit for the District be established in the amount of five million dollars (\$5,000,000)?

YES

NO

Certification for Special Election Ballot

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on _____, 2007.

Signature

Print Name

EXHIBIT B

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

**NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02
CITY OF SACRAMENTO
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

I [We], _____

(print name[s])

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

_____ **The Undersigned are ALL of the owners...**

OR

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

_____)...

of the real property listed below by Assessor's Parcel Number ("APN"), which is within the Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California (the "Community Facilities District "). The APN's are:

The Undersigned understands that a special mailed-ballot, landowner election will be held to determine whether the authority to levy an annual special tax on property within the Community Facilities District, including the above-numbered parcels, to finance certain public facilities and certain governmental development fees, and to incur indebtedness to be secured and repaid by the special tax, and to establish an appropriations limit for the Community Facilities District all as set forth in two resolutions to be considered by the City Council of the City of Sacramento on January 30, 2007 (Resolution No. 2007-____ [the Resolution of Formation] and Resolution No. 2007-____ [the Resolution Deeming it Necessary to Incur Bonded Indebtedness]), will be

conferred upon that Council. The Undersigned, on behalf of the above-referenced owner, requests that the election be conducted at the earliest possible date. The Undersigned is the person legally entitled and authorized to cast the ballot attributable to the above-referenced parcels in the landowner, mailed-ballot election.

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

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

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

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

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

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

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

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

The Undersigned declares under penalty of perjury under the laws of the State of California that

the foregoing is true and correct and that this Appointment and Waiver and Consent is signed by each of the Undersigned on the date following each signature.

Signature: _____ Date: _____

Print Name: _____

Subscribed and sworn to before me this
_____ day of _____, 2006.

Notary Public, State of California [SEAL]

