



✓ 1.13

**DEPARTMENT OF
PUBLIC WORKS**

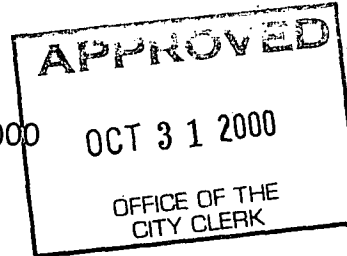
TECHNICAL SERVICES

**CITY OF SACRAMENTO
CALIFORNIA**

SPECIAL DISTRICTS

1231 I Street, Room 300
SACRAMENTO, CA 95814
PH 916-264-7474
FAX 916-264-7480

October 26, 2000



City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT NO.
2000-01 – FORMATION OF DISTRICT**

LOCATION AND COUNCIL DISTRICT:

The proposed Community Facilities District (CFD) will include approximately 350 acres in the North Natomas Community Plan area, located in Council District 1 (see Boundary map, Exhibit A).

RECOMMENDATION:

This report recommends that the City Council:

1. Adopt the following Resolutions after close of hearing:
 - Resolution Establishing the North Natomas Westlake Community Facilities District No. 2000-01
 - ✓ Providing for the Levy of a Special Tax
 - ✓ Calling for a Special Mailed-Ballot Election
 - Resolution Declaring the Necessity to Incur Bonded Indebtedness
 - ✓ Calling for a Special Mailed Ballot Election

CONTACT PERSON: Rita Goolkasian, Special Districts Analyst, 264-5236

FOR COUNCIL MEETING OF: October 31, 2000

SUMMARY:

This report presents a proposal to form a Mello-Roos CFD in accordance with the North Natomas Financing Plan. The proposed North Natomas Westlake CFD will fund internal drainage improvements specific to drainage Basin 8A in Quadrant 3. The full Hearing Report is on file with the City Clerk.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

In June 1997, the City Council in conjunction with North Natomas property owners successfully completed the formation of CFD 97-01 that increased conveyance capacity to the Sacramento River in the existing Reclamation District 1000 system. Those improvements and completion of other drainage improvements specific to each individual drainage basin identified in the North Natomas Comprehensive Drainage Plan allow the 5,800 acres in the North Natomas Community Plan area (NNCP) to be removed from the underlying 100-year floodplain. The North Natomas Westlake CFD will fund the improvements required for Drainage Basin 8A.

The boundary of the proposed CFD, as shown on Exhibit A, includes approximately 350 acres of land.

On September 26, 2000, the public hearing was opened for the Westlake CFD 2000-01 at which time differing opinions were raised regarding the funding of certain secondary facilities. The City and principal property owner have met and resolved the issue of secondary facilities funding and have entered into a Memorandum of Understanding embodying the agreements reached pertaining to eligible secondary facilities.

On October 24, 2000, the public hearing was held on the formation of the district and no protests were made. Council voted to continue the matter of adopting the resolutions of formation and necessity to incur bond indebtedness to October 31, 2000.

Primary Facilities

The primary facilities to be funded through the Westlake CFD include drainage improvements as follows:

- A detention facility (lake)
- Conveyance systems to transmit surface water to the detention basin and ultimately the RD 1000 system
- Land acquisition of the detention facility (lake)
- Engineering, construction management, fees, administrative and city legal costs for the project

A complete list of facilities is shown in Exhibit B.

Secondary Facilities

In addition, secondary facilities related to the construction of roadway and backbone infrastructure, and identified in Exhibit B, are included in the CFD. Secondary facilities include facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction. If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document. Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

CFD Special Election Proceedings

The proposed district will be formed in compliance with the Community Facilities District Act of 1982. As part of the proceedings a special election is required. In this case where the vote is by landowners rather than registered voters, each acre within the proposed district is assigned one (1) vote. A 2/3 majority is required to finalize the CFD formation. A schedule for the CFD proceedings is provided on Exhibit C.

Waiver for Election Requirements

When landowners are willing, the minimum timeframe (90 days) may be shortened for the election and waiving various other requirements. This is accomplished by conducting a mailed-ballot election of 100% of the landowners and receiving their signed Waiver and Consent form waiving such election requirements. The waivers must be received prior to the public hearing.

As of October 24, 2000, a Waiver and Consent form has been received from the five landowners in the district. Thus, the minimum time frame between the public hearing and special election will be waived.

FINANCIAL CONSIDERATIONS:

There will be no impact to the General Fund.

Bonding Capacity

The total bonding capacity is estimated at \$10.580 million and the anticipated construction proceeds yielded by the CFD is approximately \$8.8 million (in 2000 \$'s), which is less than the construction cost. Developer will privately fund the remaining cost. The total bond authorization is \$15.0 million and the appropriation limit is \$1,450,000 per fiscal year.

Method of Apportionment

Tax rates have been set for all land uses which for tax purposes have been placed into 3 categories; Single-Family Residential; Other Residential (Multi-family) and Non-Residential. Each category has been allocated a share of the total construction costs. It has not yet been determined whether bonds will be sold in one or two phases. If two bond sales occur to coincide with development, then the first bond issue will be supported by the single-family residential tax base with the second bond issue supported by multi-family and non-residential properties. If there is only one bond sale, then either all taxable properties may be levied the special tax, or only the single family residential properties will be levied for their share of facility costs with developer privately funding the portion allocated to other land uses.

Drainage fees, to be collected separately from schools and civic uses, will reimburse developer.

Special Tax Formula

The Rate and Method of Apportionment of the Special Tax is attached as Exhibit A to the Resolution establishing the CFD. The maximum special tax rates for taxable parcels are shown on Attachment 1.

The maximum tax rates are programmed to escalate 2% annually.

ENVIRONMENTAL CONSIDERATION:

The North Natomas comprehensive Drainage Plan EIR was approved by City Council on May 20, 1997. The City Council's action in approving this Resolution of Intention to form a CFD is solely for the purpose of initiating the process by which a CFD may ultimately be formed and is itself therefore, not a project for purposes of the California Environmental Quality act.

POLICY CONSIDERATIONS:

The procedures under which this district is being formed are set forth in Title 5 of the Government Code Sections 53311-53317.5 entitled "The Mello-Roos Community Facilities Act of 1982" and the City's "Policies and Procedures for Use of Special Assessment and Mello-Roos Community Facilities District Financing for Infrastructure and Public Facilities", adopted June 29, 1993, Resolution No. 93-381 and updated August 9, 1994, Resolution 94-491.

Continuing Disclosure

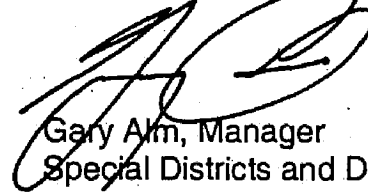
New Securities and Exchange Commission Rule 15c2-12(b)(5) created a requirement that certain third parties other than the City would provide ongoing disclosure of specified categories of information, in an effort to protect the secondary bond market. A continuing disclosure certificate may be required by certain third party landowners. This requirement will be resolved prior to bond issuance.

City Council
North Natomas Westlake Community Facilities District
September 18, 2000

ESBD CONSIDERATIONS:

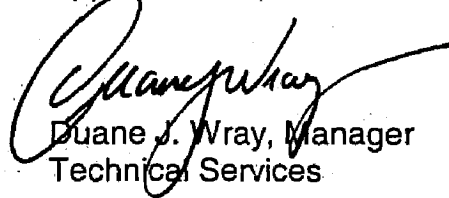
None. No goods or services are being purchased.

Respectfully submitted:



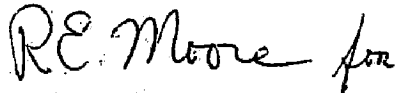
Gary Alm, Manager
Special Districts and Development Services

Approved:



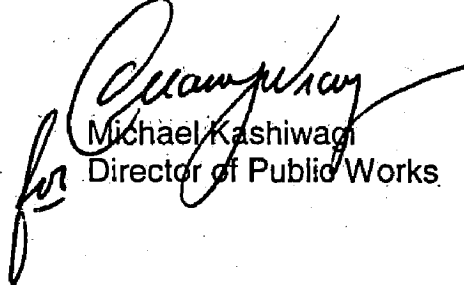
Duane J. Wray, Manager
Technical Services

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Approved:



Michael Kashiwagi
Director of Public Works

INTERSTATE 5

PROPOSED BOUNDARIES OF
CITY OF SACRAMENTO
NORTH NATOMAS
WESTLAKE COMMUNITY FACILITIES DISTRICT No. 2000-01
SACRAMENTO, CALIFORNIA

SHEET 1 OF 1 SHEETS

CLERK'S MAP FILING STATEMENT:

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
THIS ____ DAY OF ____, 2000.

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE:

I HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED BOUNDARIES
OF WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, CITY
OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO
AT A MEETING THEREOF HELD ON THE ____ DAY OF ____,
2000 BY IT'S RESOLUTION NO. ____.

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT:

FILED THIS ____ DAY OF ____, 2000 AT THE HOUR
OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT
DISTRICTS AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____
IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF
SACRAMENTO, CALIFORNIA

LEGEND

____ DISTRICT BOUNDARY

The Spink Corporation

4/10/01/2000-01/3170075/01-01/000 APR 11, 2001 11:00 AM

EXHIBIT A

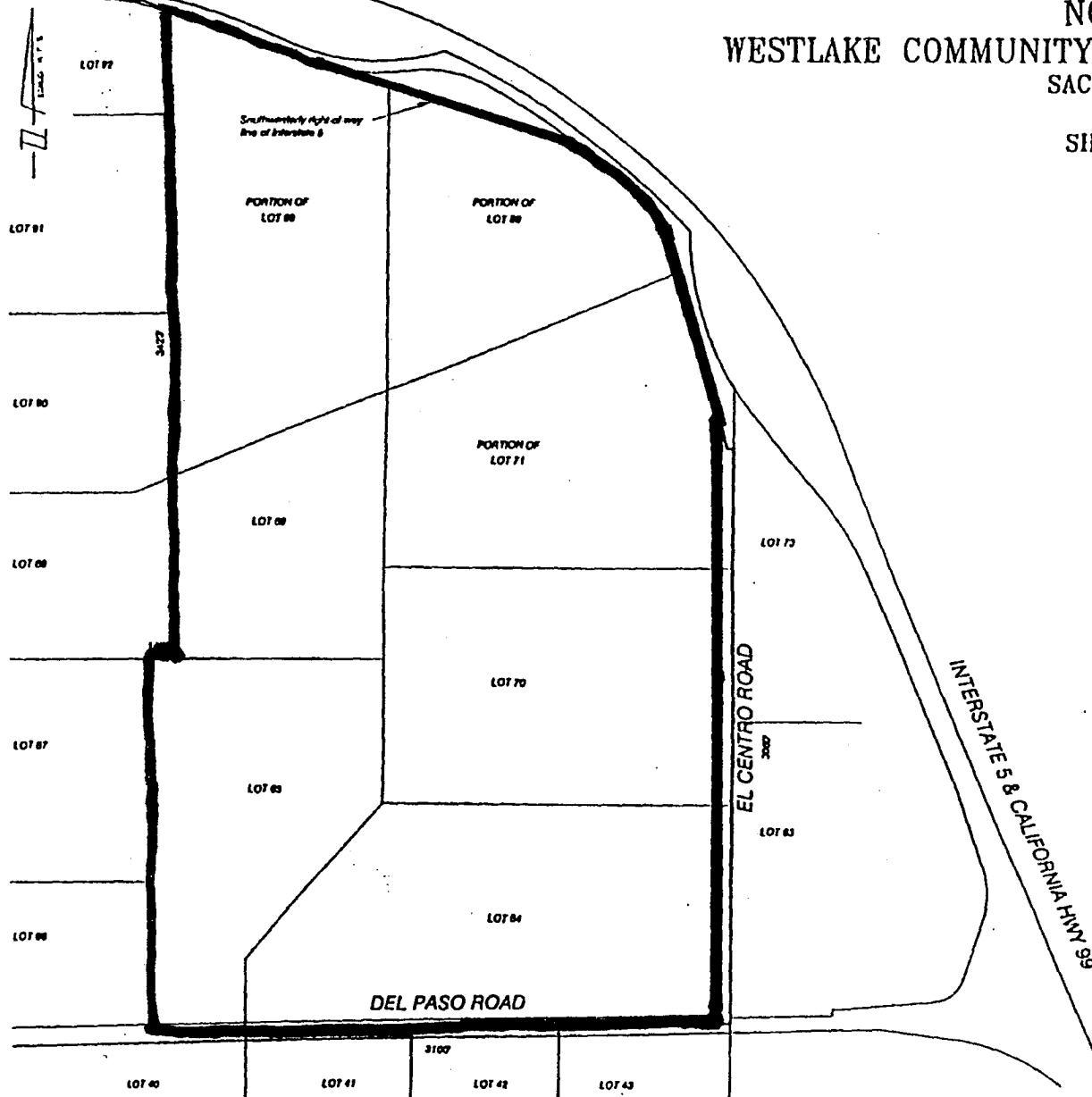


Exhibit B

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

List of Eligible Facilities

The authorized costs of the eligible facilities include all those set forth in Section 53345.3 of the Act, and all costs necessary to administer any Debt, collect and administer the special taxes, and administer the Agency. The special taxes may be levied not only to pay current debt service on outstanding Debt, but also to accumulate funds for future debt service, to pay amounts delinquent on the Debt (or to become delinquent based upon past special tax delinquencies), to replenish the reserve fund to its proper level (or to reimburse payments to be made from the reserve fund based upon past special tax delinquencies), to pay authorized costs, to pay directly for any authorized facilities or to accumulate funds for that purpose. Special tax proceeds may be accumulated to pay debt service on Debt so long as such proceeds are handled in such a fashion as not to cause the Debt to become arbitrage bonds under the Tax Reform Act of 1986.

The following list of eligible facilities is classified into two groups, Primary Facilities, and Secondary Facilities. Funding for Secondary Facilities may only be authorized with remaining proceeds of the CFD after Primary Facilities have been constructed, paid for and accepted fully by the City or project is substantially complete and sufficient security exists to the satisfaction of the City in accordance with the Acquisition Agreement.

The list of secondary facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction.

If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document.

Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

Primary Facilities eligible to be financed with proceeds from the CFD (not listed in any specific order):

- A. Excavation of the detention facility / lake. Construction of the detention facility / lake including clay liner, lake access ramps, and other necessary appurtenances. Construction of outfalls defined in the Master Drainage Plan for Westlake, including drainage pipes, manholes, junction box, cutoff walls, and other necessary appurtenances. Construction of drainage outlets including drainage pipes, manholes, junction box, headwalls, erosion control, and any other necessary appurtenances. Dewatering and measures to control groundwater during both construction and operation of the facilities. Land acquisition for the detention facility / lake, as determined by the appraisal for the lake. Habitat Conservation (HCP) fees for construction of the detention facility / lake. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.
- B. Trunk drain pipes and other appurtenances defined as common drainage facilities in the Westlake Master Drainage Plan for conveyance of storm drainage to the detention facility / lake, including manholes. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.

Secondary Facilities eligible to be financed with remaining proceeds of the CFD (not listed in any specific order):

- A. Construction of sanitary sewer trunk and interceptor lines, including pipes, manholes, and all necessary appurtenances.
- B. Construction of Del Paso Road from El Centro Road to the westerly property boundary (city limits) of the project and other major roads that are eligible for funding under the 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 include clearing, grading, installing asphalt concrete with aggregate base, raised center median, median landscaping where appropriate, storm drainage facilities, street signs, street lights, widening at intersections, traffic signals, corridor landscaping and sound walls, major utility conduits, utility conduit crossings, right-of-way acquisition, and all necessary appurtenances to the mentioned roads.
- C. Neighborhood and community park landscaping, equipment, and facilities.

- D. Landscaping and soundwalls in landscape corridors, streetlights, and entryway signs and monuments in entryways along Del Paso Road.
- E. Public dry utilities (electric, telephone, natural gas, and CATV).
- F. Habitat Conservation (HCP) fees required for construction of additional secondary facilities.
- G. Development Impact Fees, the proceeds of which will be used to finance Eligible Facilities, including but not limited to, North Natomas Public Facilities Fees and Citywide Park Facilities Fees.
- H. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for additional secondary facilities.

EXHIBIT C

SCHEDULE FOR NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT #2000-01 FOR DRAINAGE IMPROVEMENTS IN BASIN 8A

- February 25, 2000 Kick-Off Meeting with Landowner, Consultants and City Staff
- June 27, 2000 City Council Action – Resolution of Intention
- ROI to establish a CFD and Levy Special Tax (Sets Hearing Date & approves Boundary Map)
 - Resolution of Intention to Incur Bond Indebtedness
 - Resolution Approving Bond Counsel Agreement for Legal Services
- August 3, 2000 City Council Action – Conduct Hearing on District Formation and Hold Special Election – **CONTINUED TO AUGUST 8, AND FURTHER CONTINUED TO AUGUST 22, SEPTEMBER 5, 19, and 26, 2000, THEN FURTHER CONTINUED TO OCTOBER 17, and 24, 2000**
- October 24, 2000 City Council Action – Conduct Public Hearing
- October 31, 2000 **Formation of District**
- **Adopt Resolution Establishing CFD and Calling for a Special Mailed Ballot Election**
 - **Adopt Resolution Declaring need to Incur Bonded Indebtedness and Calling for a Special Mailed Ballot Election**
 - **Special Election**
- November 9, 2000 City Council Action –
Declaring Results of Special Mailed Ballot Election
Pass for Publication – Title of Ordinance to Levy the Special Tax
- November 21, 2000 City Council Action –
Adopt Ordinance to Levy Tax
- To be Determined Adopt Resolution approving Legals & POS
Adopt Resolution to issue Bonds
Adopt Resolution approving Budget

EXHIBIT C

SCHEDULE FOR NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT #2000-01 FOR DRAINAGE IMPROVEMENTS IN BASIN 8A

February 25, 2000 Kick-Off Meeting with Landowner, Consultants and City Staff

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- Resolution of Intention to Incur Bond Indebtedness
- Resolution Approving Bond Counsel Agreement for Legal Services

August 3, 2000 City Council Action – Conduct Hearing on District Formation and Hold Special Election – **CONTINUED TO AUGUST 8, AND FURTHER CONTINUED TO AUGUST 22, SEPTEMBER 5, 19, and 26, 2000, THEN FURTHER CONTINUED TO OCTOBER 17, and 24, 2000**

October 24, 2000 City Council Action – Conduct Public Hearing

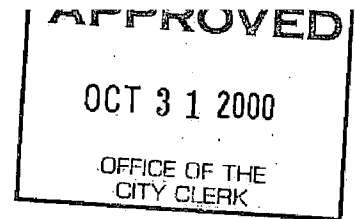
October 31, 2000 **Formation of District**

- **Adopt Resolution Establishing CFD and Calling for a Special Mailed Ballot Election**
- **Adopt Resolution Declaring need to Incur Bonded Indebtedness and Calling for a Special Mailed Ballot Election**
- **Special Election**

November 9, 2000 City Council Action –
Declaring Results of Special Mailed Ballot Election
Pass for Publication – Title of Ordinance to Levy the Special Tax

November 21, 2000 City Council Action –
Adopt Ordinance to Levy Tax

To be Determined Adopt Resolution approving Legals & POS
Adopt Resolution to issue Bonds
Adopt Resolution approving Budget



RESOLUTION NO. 2000-627

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO ESTABLISHING THE CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, AND PROVIDING FOR THE LEVY OF A SPECIAL TAX TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT AND CALLING A SPECIAL MAILED-BALLOT ELECTION TO SUBMIT TO THE QUALIFIED ELECTORS WITHIN SUCH COMMUNITY FACILITIES DISTRICT THE QUESTION OF LEVYING SUCH SPECIAL TAX AND ESTABLISHING AN APPROPRIATIONS LIMIT FOR SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") duly adopted Resolution No. 2000-411 (the "Resolution") on June 27, 2000, wherein the Council declared its intention to and proposed 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 of the Government Code of the State of California (the "Act"), to be known and designated as the "City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01" (the "Community Facilities District"), to finance the acquisition and construction of those certain public drainage facilities with an estimated useful life of five (5) years or longer in and for the Community Facilities District under and pursuant to the Act (which are public drainage facilities that the City is authorized by law to construct, own or operate and that are necessary to meet increased demands placed upon the City as a result of development occurring and anticipated to occur in the Community Facilities District) constituting primary and secondary facilities as listed in Exhibit B attached hereto and incorporated herein and made a part hereof (the "Facilities"). The list of Secondary Facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the Community Facilities District. The Community Facilities District may

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the costs of construction. If the Community Facilities District finances all or a portion of the fees to be paid to a fee program, the City will acknowledge payment of such fees by appropriate written document. Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with Bond proceeds; and

WHEREAS, the Council declared its intention (except where funds are otherwise available) to levy a special tax in the Community Facilities District sufficient to finance the acquisition and construction of the Facilities, including the payment of interest on and principal of bonds issued to finance the acquisition and construction of the Facilities and including the repayment of funds advanced by the City for the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the City) of advances of funds or reimbursement for the lesser of the value or cost of work-in-kind provided by any person for the Community Facilities District, which special tax shall be secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District and shall be annually levied by the Council within the boundaries of the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax reference is made to Exhibit A, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such 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 financing the acquisition and construction of the Facilities, and which specifies the conditions under which the obligation to pay such special tax may be prepaid and permanently satisfied; provided, that in the case of any special tax to be levied to pay for financing the acquisition and construction of the Facilities that is to be levied against any parcel of land used for private residential purposes (which use commences on the date on which an occupancy permit for private residential use is issued), (1) such maximum special tax shall be specified as a dollar amount which shall be calculated and established not later than the date on which such parcel of land is first subject to the special tax because of its use for private residential purposes, (2) after Fiscal Year 2029-2030, such special tax shall no longer be levied or collected against such parcel of land, and (3) under no circumstances shall such special tax be increased as a consequence of delinquency or default by the owner of any other parcel or parcels of land within the Community Facilities District by more than ten per cent (10%); and

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RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the cost of financing 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 bonds, the determination of the amount of any taxes or the collection or payment of any 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; and

WHEREAS, the Resolution fixed a time and place for a public hearing to be held by the Council to consider the establishment of the Community Facilities District, the proposed rate, method of apportionment and manner of collection of such special tax to finance the acquisition and construction of the Facilities in and for the Community Facilities District and all other matters set forth in the Resolution; and

WHEREAS, a report on such proposal was prepared by the Director of Public Works of the City in accordance with the Resolution, which such report was submitted to the Council for review and has been reviewed by the Council, and which such report is incorporated herein and made a part of the record of the public hearing hereinafter referred to on the Resolution; and

WHEREAS, pursuant to the Resolution, a public hearing was set by the Council for Thursday, the 3rd day of August, 2000, at the hour of 2:00 o'clock P.M., at the regular meeting place of the Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814; and

WHEREAS, on August 3, 2000, the City Council continued the public hearing to August 22, 2000, at which time the City Council found that the complexity of the proposed district required additional time and further continued the public hearing to September 5, 2000, then to September 19, 2000, and to September 26, 2000, and further to October 17, 2000, to be held at the same time and place as previously notified, and a Notice of Continuance of Public Hearings was posted by the City Clerk on the bulletin board outside of the City Council Chambers no later than twenty-four (24) hours after each continuance of the public hearings, and a copy of each Notice of Continuance of Public Hearings is on file with the City Clerk; and

WHEREAS, on October 17, 2000, the City Council further continued the public hearing to October 24, 2000, to be held at 7:00 o'clock P.M. at the same place as previously notified, and a Notice of Continuance of Public Hearings was posted by the City Clerk on the bulletin board outside of the City Council Chambers no later than twenty-four (24) hours after the continuance of the public hearings, and a Notice of Continuance of Public Hearings is on file with the City Clerk; and

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RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, at the continued public hearing on October 24, 2000, all persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, were given an opportunity to appear and 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 such special tax, or the extent of the Community Facilities District, or the acquisition and construction of any of the Facilities proposed therefor, or the establishment of an appropriations limit therefor, or on any other matters set forth in the Resolution, was heard and considered, and such special tax has not been precluded by a majority protest pursuant to Section 53324 of the Government Code of the State of California, and at the close of the public hearing the Council continued the matter to October 31, 2000.

WHEREAS, on October 31, 2000, the Council considered the establishment of the Community Facilities District, the proposed rate, method of apportionment and manner of collection of such special tax, the Facilities proposed for the Community Facilities District, the establishment of an appropriations limit for the Community Facilities District, and all other matters set forth in the Resolution, including certain proposed changes to the Facilities to include the payment of authorized development fees;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO, AS FOLLOWS:

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

Section 2. The Council hereby reapproves and readopts the Resolution, and reconfirms all of its findings and determinations contained therein, and the rate, method of apportionment and manner of collection of the special tax in and for the Community Facilities District shall be as set forth in Exhibit A, attached hereto and incorporated herein and made a part hereof, and the Council hereby determines to change the Facilities to include the payment of authorized development fees. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, 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.

Section 3. The Council finds and determines that written protests to the establishment of the Community Facilities District, or to the levy of such special tax, or

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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to the extent of the Community Facilities District, or to the acquisition and construction of any of the Facilities proposed therefor, are insufficient in number and in amount under the Act, and the Council hereby further orders and determines that all protests to the establishment of the Community Facilities District therefor, 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 Facilities therefor, or the establishment of an appropriations limit for the Community Facilities District, are hereby overruled.

Section 4. The Council finds and determines that all prior proceedings had and taken by the Council with respect to the establishment of the Community Facilities District are valid and in conformity with the requirements of the Act; and accordingly, the Council finds, determines and orders that, consistent with the Resolution, the Community Facilities District is hereby established under and pursuant to the terms and provisions of the Act, the boundaries of which are as set forth in Exhibit C, attached hereto and incorporated herein and made a part hereof.

Section 5. Except where funds are otherwise available, a special tax sufficient to pay for the acquisition and construction of the Facilities, including the payment of interest on and principal of bonds to be issued to finance the acquisition and construction of the Facilities and including the repayment of funds advanced by the City for the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the City) of advances of funds or the reimbursement for the lesser of the value or cost of work in-kind provided by any person for the Community Facilities District, which tax shall be secured by recordation of a continuing lien against all nonexempt property in the Community Facilities District, will be levied annually within the boundaries of the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax reference is made to Exhibit A, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such 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.

Section 6. It is the intention of the Council, pursuant to Section 53317.3 of the Government Code of the State of California, to levy the special tax on property that is not otherwise exempt from the special tax and that is acquired by a public entity through a negotiated transaction, or by gift or devise.

Section 7. It is the intention of the Council, pursuant to Section 53317.5 of the Government Code of the State of California, to treat the special tax levied against property that is acquired by a public entity through eminent domain proceedings as if it were a special annual assessment.

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Section 8. It is the intention of the Council, pursuant to Section 53340.1 of the Government Code of the State of California, to levy the special tax on the leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the special tax) to be payable by the owner of the leasehold or possessory interests in such property.

Section 9. A special mailed-ballot election shall be and is hereby called and ordered to be held in the Community Facilities District on Tuesday, October 31, 2000, in accordance with and subject to the Act and applicable law and the terms hereof, at which special election there shall be submitted to the qualified electors within the Community Facilities District (which qualified electors constitute the landowners within the Community Facilities District) the question of levying such special tax and the establishment of an appropriations limit in the amount of one million four hundred fifty thousand dollars (\$1,450,000) per fiscal year in connection therewith for the Community Facilities District, as defined by Article XIII B, Section 8(h) of the Constitution of the State of California, and the Council hereby directs that the election at which the question of levying such special tax and establishing such appropriations limit is submitted to the landowners within the Community Facilities District shall be consolidated with the election at which the question of incurring a bonded indebtedness in the amount of fifteen million dollars (\$15,000,000) for the Community Facilities District is submitted to the landowners within the Community Facilities District, and the question of levying such special tax and establishing such appropriations limit shall be combined in one ballot proposition with the question of incurring such bonded indebtedness to finance the acquisition and construction of the Facilities and to be secured by a special tax to be levied within the Community Facilities District, all as provided by the Act.

Section 10. The City Clerk of the City is hereby designated as the official to conduct said special election, in accordance with and subject to the Act and applicable law and the following provisions:

(a) Said special election shall be held and conducted, and the votes thereat canvassed and the returns thereof made, and the results thereof ascertained and determined, as provided herein; and in all particulars not prescribed by this resolution said 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 in the City and consistent with the Act.

(b) All landowners within the Community Facilities District upon the date of the special election herein provided for shall be qualified to vote upon the proposition to be submitted at said special election.

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(c) Said special election shall be conducted as a mailed-ballot election, in accordance with the provisions of Sections 1340 et seq. and Section 23511.1 of the Elections Code of the State of California and the prior proceedings of the City taken thereunder, and there shall be no polling places for said special election. All ballots shall be delivered by the City Clerk of the City to such landowners, and all voted ballots are required to be received at the office of the City Clerk of the City not later than 5:00 o'clock P.M. on the day of the election in order to be counted, except that if all qualified electors have voted on the proposition hereby submitted, the election shall be closed.

(d) Each voter to vote for the proposition to be submitted at said special election and for levying such special tax and establishing such appropriations limit and incurring such bonded indebtedness shall mark a cross (+) in the blank space opposite the word "YES" on the ballot to the right of said proposition, and to vote against said proposition and against levying such special tax and establishing such appropriations limit and incurring such bonded indebtedness shall mark a cross (+) in the blank space opposite the word "NO" on the ballot to the right of said proposition, which cross (+) may be marked with either pen or pencil.

(e) The City Clerk of the City shall commence the canvass of the returns of said special election at or prior to 5:00 P.M. on Tuesday, October 31, 2000, at the office of the City Clerk of the Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and at the conclusion thereof shall determine the results of said special election; provided, that if all the qualified voters have voted prior to such date and time, the City Clerk of the City shall close said special election and thereupon shall proceed to canvass the returns of said special election and to determine the results thereof.

(f) The Council shall meet as soon after the receipt of such canvass as possible at its usual meeting place and declare the results of said special election, and shall cause to be spread upon its minutes a statement of the results of said special election as ascertained by said canvass.

Section 11. If two-thirds (2/3) of the votes cast upon the question of levying such special tax and establishing such appropriations limit are cast in favor of levying such special tax and establishing such appropriations limit, as determined by the Council after reviewing the canvass of the returns of such consolidated election, the Council may levy such special tax within the territory of the Community Facilities District under the Act in the amount and for the purposes specified in this resolution, and such appropriations limit shall be established for the Community Facilities District, as defined by Article XIII B, Section 8(h) of the Constitution of the State of California. Such special tax may be levied only at the rate and may be apportioned only in the manner specified in this resolution, subject to the Act, except that such special tax may be levied at a rate

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lower than that specified herein. Such special tax may be levied only so long as it is needed to pay for the acquisition and construction of the Facilities referred to in Section 5 of this resolution, or so long as it is needed to pay the principal of and interest on the bonded indebtedness incurred in order to finance the acquisition and construction of the Facilities (including the repayment of funds advanced for the Community Facilities District).

Section 12. The Special Districts Analyst, Department of Public Works of the City, at 1231 I Street, Room 300, Sacramento, California 95814 (telephone 916/264-5236) will be responsible for preparing annually a current roll of special tax levy obligations by Sacramento County Assessor's parcel numbers, and will be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California.

PASSED AND ADOPTED by the Council of the City of Sacramento this 31st day of October, 2000, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

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Exhibit A

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the City of Sacramento (the "City") North Natomas Westlake Community Facilities District No. 2000-01 (the "CFD") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes; including salaries of City employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Anticipated Construction Proceeds" means \$8,800,000 from issuance of bonds.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year; (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD, less any credit from earnings on the bond reserve fund, less any reimbursements, and/or less any grants/other project funding.

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"Assessor" means the Assessor of the County of Sacramento.

"Authorized Facilities" means those improvements, as listed in the Resolution forming the CFD.

"Base Year" means Fiscal Year 2000-2001.

"Benefit Share" means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01.

"City" means City of Sacramento, California.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Sacramento, California.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest payable for any bonds or notes of the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year.

"Development Year" means the Fiscal Year in which the Parcel changes classification from Master Parcel Map to Final Subdivision Map Parcel.

"Estimated Net Acreage" means the actual Net Acreage of a Parcel or an approximation of the Net Acreage by the City based upon the total gross developable acres less an allowance for minor streets of a Parcel as indicated in the North Natomas Community Plan.

"Final Subdivision Map" means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Individual Lot" means a buildable area of land created by a final subdivision map for the purpose of building a single-family residential dwelling unit.

"Low-Density Residential Parcel" means a Taxable Parcel with an approved land use for a single-family-detached residential dwelling unit that lies within a specific Residential Village as shown on Map 1.

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"Master Parcel Map" means a map that subdivides large tracts of land into smaller Parcels for the purpose of selling or otherwise transferring the Parcels for further subdivision in accordance with City procedures, or for the purpose of securing financing, together with planning and construction of infrastructure elements, but not for the purpose of creating either individual residential lots for sale to end-user homeowners, and not for the purpose of allowing construction or other improvements on Non-Residential Parcels.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres or units of the Taxable Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in **Attachment 1** for a given Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

"Maximum Annual CFD Revenue" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD.

"Medium-Density Residential Parcel" means a single family residential Parcel on Map 1 designated as medium density by the City according the North Natomas Community Plan.

"Net Acre" is the area of a Parcel associated with residential and non-residential uses after dedication of all public uses and rights-of-way.

"Non-Residential Parcel" means a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use as defined in the North Natomas Community Plan.

"Other Residential Parcel" means a Taxable Parcel with an approved land use for other than Low-Density Residential Parcel or Medium Density Residential Parcel, such as three or more attached residential units owned in common. If Low Density or Medium-Density Residential Parcels are created that are not consistent with the village shown in Map 1, these Parcels will be classified as Other Residential Parcels.

"Outstanding Bonds" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

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"Prepayment" means the permanent satisfaction of the entire Special Tax obligation for one or more Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6. Prepayment may occur before or after the initial bond sale, with differing criteria.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned as designated by the City that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways including drainage basins, lakes, public landscaping, wetlands, greenbelts, and public open space. These Parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel, except for Taxable Parcels that are acquired by a public agency, in which case the Special Tax obligation for such Parcels shall be required to be permanently satisfied pursuant to Sections 53317.3 and 53317.5 of the Government Code by the procedure described in Section 6.

"Remaining Facility Cost Share" means the Total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Residential Village" means a designated geographic area within the Master Parcel Map containing residential development. The village designations are either Village 1, Village 2, Village 3, Village 4A, Village 4B, Village 5, or Village 6, as shown on Map 1.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act.

"Tax Collection Schedule" means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) Prepayment Parcels, and (iii) Parcels that are open space, recreation, clubhouse etc, owned by a Condominium or Home Owners Association. Certain non-developable privately owned Parcels may also be exempt from the levy of Special Taxes as determined by the City such as common areas, wetlands, and open space.

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"Tentative Subdivision Map" means a tentative subdivision map defined under the California Subdivision Map Act and Title 40 of the Sacramento City Code.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

3. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied on and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund Authorized Facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2029-30.

When all of the bonds issued to pay for Authorized Facilities have been retired, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

4. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

A. Classification of Parcels. By May 1 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel to be further classified as a Low-Density Residential Parcel, Medium-Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel.
3. Each Low-Density Residential Parcel to be identified according to its Residential Village.

B. Assignment of Maximum Annual Special Tax. The City shall assign the appropriate Maximum Annual Special Tax to each Taxable Parcel as follows:

1. Low-Density Residential Parcels (identified on Map 1)

The Maximum Annual Special Tax Rate for a Low-Density Residential Parcel within a Residential Village is shown on **Attachment 1**.

2. Medium-Density Residential Parcels

For Medium-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

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- a) Prior to Subdivision into Individual Lots--Calculate the Maximum Annual Special Tax Revenue by multiplying the Net Acres for the Medium-Density Residential Parcel by the Maximum Annual Special Tax per acre shown on **Attachment 1**.
- b) Following Subdivision into Individual Lots--Divide the Maximum Annual Special Tax from a) above by the total number of Individual Lots created in the Final Subdivision Map or Master Parcel Map to arrive at the Maximum Annual Special Tax per Individual Lot.

3. Other Residential and Non-Residential Parcels

Calculate the Maximum Annual Special Tax for Other Residential Parcels, and Non-Residential Parcels by multiplying the Maximum Annual Special Tax per Net Acre, as shown on **Attachment 1**, by the Net Acres for the Parcel. Other Residential Parcels that are created as condominiums or Individual Lots will have the Maximum Annual Special Tax per Parcel calculated according the procedures in 4.a. and 4.b. above.

- C. Conversion of a Public Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to Section 4.A and Section 4.B above.
- D. Taxable Parcels Acquired by a Public Agency — A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

5. CALCULATING ANNUAL SPECIAL TAX LEVY

The City shall compute the Annual Costs for each land use category, and determine the Maximum Annual Special Tax for each Parcel based on the assignment in the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Maximum CFD Revenue by taxing each Taxable Parcel at 100% of its Maximum Annual Special Tax (**Attachment 2** shows the estimated maximum special tax revenues at buildout based on the Base Year tax rates). If revenues are greater than the Annual Costs, reduce the tax proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.

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- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may permanently satisfy the Special Tax obligation for one or more Parcels. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax liability for one or more Parcels.

Prepayment is permitted only under the following conditions:

- The City determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the Fiscal Year beginning July 1.

The total Prepayment amount will include the Parcel's proportionate share of all estimated costs necessary to construct the Authorized Facilities (the "base Prepayment amount") plus any additional administrative and financing costs necessary to redeem bonds and calculate the Prepayment. These calculations are described below.

CALCULATE PREPAYMENT AMOUNT

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.

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Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.

Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.

Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.

Step B.3: Determine the share of facilities already funded by Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.

Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)

Step B.5: Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

7. RECORDS MAINTAINED FOR THE CFD

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- the current Parcel Number,

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- the Residential Village in which a Low-Density Residential Parcel lies,
- the Parcel acreage (gross, gross developable or net),
- the Maximum Annual Special Taxes which applied in each Fiscal Year,
- the authorized Special Taxes levied in each Fiscal Year; and
- the Development Year.

The file containing the information listed above will be available for public inspection.

8. 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 will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies that the tax should be modified or changed, 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.

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

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Attachment 1
North Natomas Westlake CFD No. 2000-01
Maximum Special Taxes

Fiscal Year Ending	Low-Density Residential							Medium-Density Residential	Other Residential & Non-Residential
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 5	Village 6	[1]	
				<i>Per unit</i>				<i>Per net acre</i>	<i>Per net acre</i>
2001	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	\$3,600
2002	\$632	\$1,183	\$1,030	\$734	\$938	\$938	\$847	\$3,672	\$3,672
2003	\$645	\$1,207	\$1,051	\$749	\$957	\$957	\$864	\$3,745	\$3,745
2004	\$658	\$1,231	\$1,072	\$764	\$976	\$976	\$881	\$3,820	\$3,820
2005	\$671	\$1,256	\$1,093	\$779	\$996	\$996	\$898	\$3,897	\$3,897
2006	\$685	\$1,281	\$1,115	\$795	\$1,016	\$1,016	\$916	\$3,975	\$3,975
2007	\$698	\$1,306	\$1,137	\$811	\$1,036	\$1,036	\$935	\$4,054	\$4,054
2008	\$712	\$1,332	\$1,160	\$827	\$1,057	\$1,057	\$953	\$4,135	\$4,135
2009	\$726	\$1,359	\$1,183	\$844	\$1,078	\$1,078	\$972	\$4,218	\$4,218
2010	\$741	\$1,386	\$1,207	\$860	\$1,099	\$1,099	\$992	\$4,302	\$4,302
2011	\$756	\$1,414	\$1,231	\$878	\$1,121	\$1,121	\$1,012	\$4,388	\$4,388
2012	\$771	\$1,442	\$1,256	\$895	\$1,144	\$1,144	\$1,032	\$4,476	\$4,476
2013	\$786	\$1,471	\$1,281	\$913	\$1,167	\$1,167	\$1,053	\$4,566	\$4,566
2014	\$802	\$1,501	\$1,307	\$931	\$1,190	\$1,190	\$1,074	\$4,657	\$4,657
2015	\$818	\$1,531	\$1,333	\$950	\$1,214	\$1,214	\$1,095	\$4,750	\$4,750
2016	\$834	\$1,561	\$1,359	\$969	\$1,238	\$1,238	\$1,117	\$4,845	\$4,845
2017	\$851	\$1,592	\$1,387	\$988	\$1,263	\$1,263	\$1,139	\$4,942	\$4,942
2018	\$868	\$1,624	\$1,414	\$1,008	\$1,288	\$1,288	\$1,162	\$5,041	\$5,041
2019	\$886	\$1,657	\$1,443	\$1,028	\$1,314	\$1,314	\$1,185	\$5,142	\$5,142
2020	\$903	\$1,690	\$1,471	\$1,049	\$1,340	\$1,340	\$1,209	\$5,245	\$5,245
2021	\$921	\$1,724	\$1,501	\$1,070	\$1,367	\$1,367	\$1,233	\$5,349	\$5,349
2022	\$940	\$1,758	\$1,531	\$1,091	\$1,394	\$1,394	\$1,258	\$5,456	\$5,456
2023	\$959	\$1,793	\$1,561	\$1,113	\$1,422	\$1,422	\$1,283	\$5,566	\$5,566
2024	\$978	\$1,829	\$1,593	\$1,135	\$1,451	\$1,451	\$1,309	\$5,677	\$5,677
2025	\$997	\$1,866	\$1,625	\$1,158	\$1,480	\$1,480	\$1,335	\$5,790	\$5,790
2026	\$1,017	\$1,903	\$1,657	\$1,181	\$1,509	\$1,509	\$1,362	\$5,906	\$5,906
2027	\$1,038	\$1,941	\$1,690	\$1,205	\$1,540	\$1,540	\$1,389	\$6,024	\$6,024
2028	\$1,058	\$1,980	\$1,724	\$1,229	\$1,570	\$1,570	\$1,417	\$6,145	\$6,145
2029	\$1,079	\$2,020	\$1,758	\$1,254	\$1,602	\$1,602	\$1,445	\$6,268	\$6,268
2030	\$1,101	\$2,060	\$1,794	\$1,279	\$1,634	\$1,634	\$1,474	\$6,393	\$6,393

[1] Medium-Density Residential Maximum Annual Special Taxes per unit are determined when a Parcel records a Final Subdivision Map.

Note: Tax Rates are escalated annually at 2%.

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RESOLUTION NO.:

DATE ADOPTED:

Attachment 2

North Natomas Westlake CFD No. 2000-01

Base Year Estimated Maximum Special Tax Revenue

Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.1	133	5,250	\$620 per unit	\$82,460
Village 2	31.6	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.5	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.6	86	5,775	\$720 per unit	\$61,920
Village 4B	15.6	76	6,825	\$920 per unit	\$69,920
Village 5	25.0	108	6,825	\$920 per unit	\$99,360
Village 6	17.5	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.9	702			
Medium Density Residential	30.5			\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.5			\$3,600 per net acre	\$163,800
TOTAL	228.9	702			\$890,780

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RESOLUTION NO.: _____

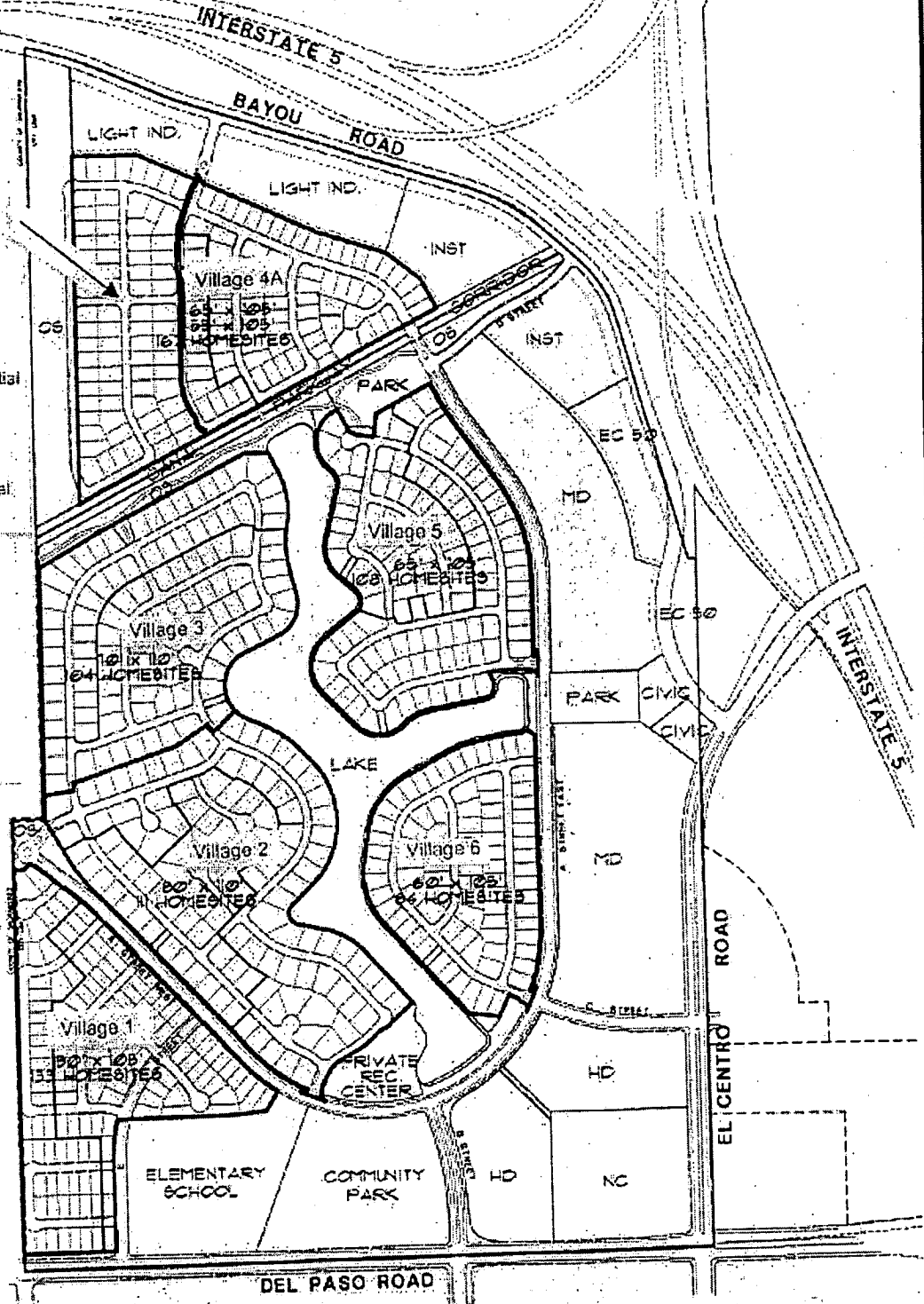
DATE ADOPTED: _____

Map 1

Zoning Code

OS	Open Space
LIGHT IND	Light Industrial
MD	Medium Density Residential
HD	High Density Residential
EC 50	Employment Center 50 employees per acre
NC	Neighborhood Commercial
INST	Institutional

Village 4B



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RESOLUTION NO.: _____

DATE ADOPTED: _____

Exhibit B

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

List of Eligible Facilities

The authorized costs of the eligible facilities include all those set forth in Section 53345.3 of the Act, and all costs necessary to administer any Debt, collect and administer the special taxes, and administer the Agency. The special taxes may be levied not only to pay current debt service on outstanding Debt, but also to accumulate funds for future debt service, to pay amounts delinquent on the Debt (or to become delinquent based upon past special tax delinquencies), to replenish the reserve fund to its proper level (or to reimburse payments to be made from the reserve fund based upon past special tax delinquencies), to pay authorized costs, to pay directly for any authorized facilities or to accumulate funds for that purpose. Special tax proceeds may be accumulated to pay debt service on Debt so long as such proceeds are handled in such a fashion as not to cause the Debt to become arbitrage bonds under the Tax Reform Act of 1986.

The following list of eligible facilities is classified into two groups, Primary Facilities, and Secondary Facilities. Funding for Secondary Facilities may only be authorized with remaining proceeds of the CFD after Primary Facilities have been constructed, paid for and accepted fully by the City or project is substantially complete and sufficient security exists to the satisfaction of the City in accordance with the Acquisition Agreement.

The list of secondary facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction.

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If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document.

Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

Primary Facilities eligible to be financed with proceeds from the CFD (not listed in any specific order):

- A. Excavation of the detention facility / lake. Construction of the detention facility / lake including clay liner, lake access ramps, and other necessary appurtenances. Construction of outfalls defined in the Master Drainage Plan for Westlake, including drainage pipes, manholes, junction box, cutoff walls, and other necessary appurtenances. Construction of drainage outlets including drainage pipes, manholes, junction box, headwalls, erosion control, and any other necessary appurtenances. Dewatering and measures to control groundwater during both construction and operation of the facilities. Land acquisition for the detention facility / lake, as determined by the appraisal for the lake. Habitat Conservation (HCP) fees for construction of the detention facility / lake. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.
- B. Trunk drain pipes and other appurtenances defined as common drainage facilities in the Westlake Master Drainage Plan for conveyance of storm drainage to the detention facility / lake, including manholes. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.

Secondary Facilities eligible to be financed with remaining proceeds of the CFD (not listed in any specific order):

- A. Construction of sanitary sewer trunk and interceptor lines, including pipes, manholes, and all necessary appurtenances.
- B. Construction of Del Paso Road from El Centro Road to the westerly property boundary (city limits) of the project and other major roads that are eligible for funding under the 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 include clearing, grading, installing asphalt concrete with aggregate base, raised center median, median

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landscaping where appropriate, storm drainage facilities, street signs, street lights, widening at intersections, traffic signals, corridor landscaping and sound walls, major utility conduits, utility conduit crossings, right-of-way acquisition, and all necessary appurtenances to the mentioned roads.

- C. Neighborhood and community park landscaping, equipment, and facilities.
- D. Landscaping and soundwalls in landscape corridors, streetlights, and entryway signs and monuments in entryways along Del Paso Road.
- E. Public dry utilities (electric, telephone, natural gas, and CATV).
- F. Habitat Conservation (HCP) fees required for construction of additional secondary facilities.
- G. Development Impact Fees, the proceeds of which will be used to finance Eligible Facilities, including but not limited to, North Natomas Public Facilities Fees and Citywide Park Facilities Fees.
- H. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for additional secondary facilities.

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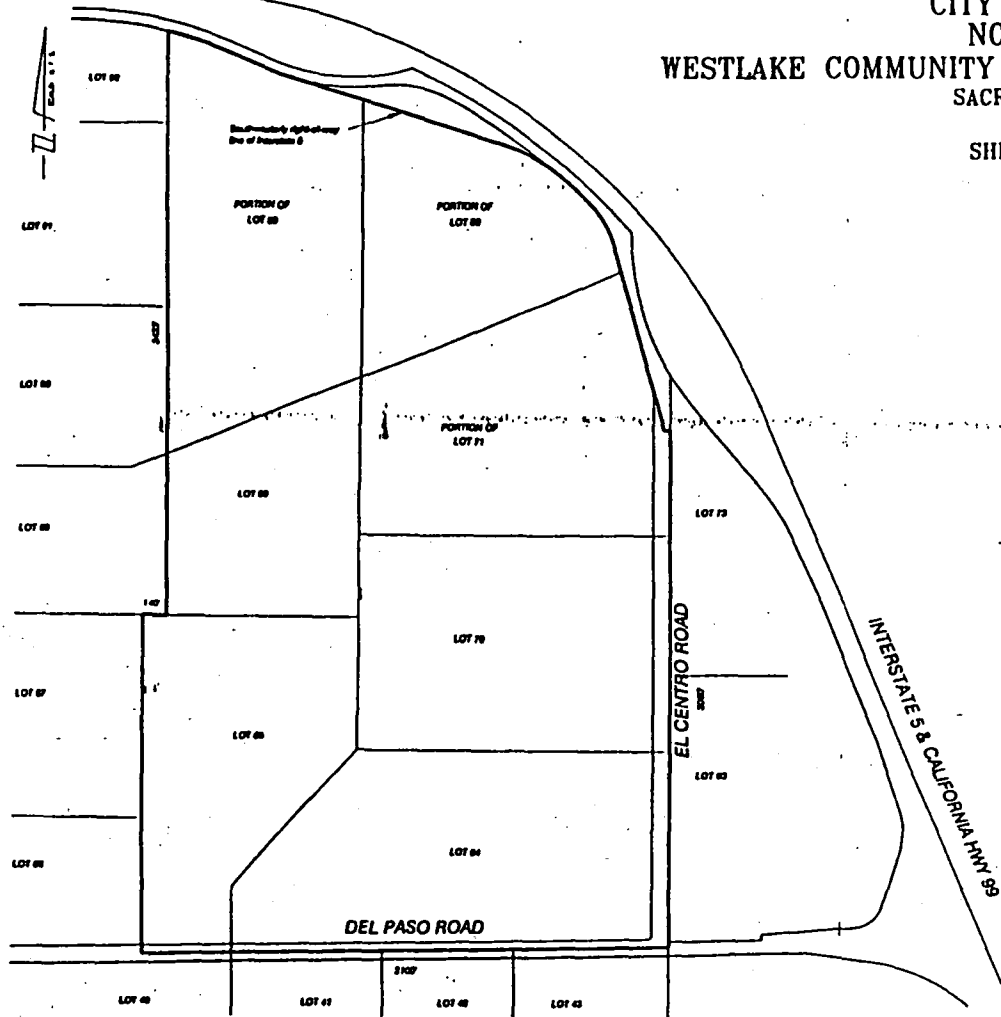
RESOLUTION NO.: _____

DATE ADOPTED: _____

INTERSTATE 5

PROPOSED BOUNDARIES OF
CITY OF SACRAMENTO
NORTH NATOMAS
WESTLAKE COMMUNITY FACILITIES DISTRICT No. 2000-01
SACRAMENTO, CALIFORNIA

SHEET 1 OF 1 SHEETS



CLERK'S MAP FILING STATEMENT:

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
THIS ____ DAY OF _____, 2000.

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE:

I HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED BOUNDARIES
OF WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, CITY
OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO
AT A MEETING THEREOF HELD ON THE ____ DAY OF _____
2000 BY IT'S RESOLUTION NO. _____

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT:

FILED THIS ____ DAY OF _____, 2000 AT THE HOUR
OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT
DISTRICTS AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____
IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF
SACRAMENTO, CALIFORNIA

LEGEND

____ DISTRICT BOUNDARY

The Spink Corporation

A VENTURE PARTNERSHIP-BELONGS AND IS NOT OWNED BY

FOR CITY CLERK USE ONLY

RESOLUTION NO.:

DATE ADOPTED:

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APPROVED

OCT 31 2000

OFFICE OF THE
CITY CLERK**RESOLUTION NO.** *1000-628*

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO DECLARING THE NECESSITY TO INCUR A BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR THE CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, AND CALLING A SPECIAL MAILED-BALLOT ELECTION TO SUBMIT TO THE QUALIFIED ELECTORS OF SUCH COMMUNITY FACILITIES DISTRICT THE PROPOSITION OF INCURRING SUCH BONDED INDEBTEDNESS

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") duly adopted Resolution No. 2000-411 on June 27, 2000, wherein the Council declared its intention to and proposed 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 of the Government Code of the State of California (the "Act"), to be known and designated as the "City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01" (the "Community Facilities District"), to finance the acquisition and construction of those certain public drainage facilities with an estimated useful life of five (5) years or longer in and for the Community Facilities District under and pursuant to the Act (which are public drainage facilities that the City is authorized by law to construct, own or operate and that are necessary to meet increased demands placed upon the City as a result of development occurring and anticipated to occur in the Community Facilities District) constituting primary and secondary facilities as listed in Exhibit B attached hereto and incorporated herein and made a part hereof (the "Facilities"). The list of Secondary Facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the Community Facilities District. The Community Facilities District may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake

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Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the costs of construction. If the Community Facilities District finances all or a portion of the fees to be paid to a fee program, the City will acknowledge payment of such fees by appropriate written document. Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with Bond proceeds; and

WHEREAS, the Council declared its intention (except where funds are otherwise available) to levy a special tax in the Community Facilities District sufficient to finance the acquisition and construction of the Facilities, including the payment of interest on and principal of bonds issued to finance the acquisition and construction of the Facilities and including the repayment of funds advanced by the City for the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the City) of advances of funds or reimbursement for the lesser of the value or cost of work-in-kind provided by any person for the Community Facilities District, which special tax shall be secured by recordation of a continuing lien against all nonexempt real property in the Community Facilities District and shall be annually levied by the Council within the boundaries of the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax reference is made to Exhibit A, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such 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 financing the acquisition and construction of the Facilities, and which specifies the conditions under which the obligation to pay such special tax may be prepaid and permanently satisfied; provided, that in the case of any special tax to be levied to pay for financing the acquisition and construction of the Facilities that is to be levied against any parcel of land used for private residential purposes (which use commences on the date on which an occupancy permit for private residential use is issued), (1) such maximum special tax shall be specified as a dollar amount which shall be calculated and established not later than the date on which such parcel of land is first subject to the special tax because of its use for private residential purposes, (2) after Fiscal Year 2029-2030, such special tax shall no longer be levied or collected against such parcel of land, and (3) under no circumstances shall such special tax be increased as a consequence of delinquency or default by the owner of any other parcel or parcels of land within the Community Facilities District by more than ten per cent (10%); and

WHEREAS, the Council duly adopted Resolution No. 2000-412 (the "Resolution") on June 27, 2000, declaring its intention to incur a bonded indebtedness in

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DATE ADOPTED: _____

the amount of thirteen million dollars (\$13,000,000) to finance the acquisition and construction of the Facilities in and for the Community Facilities District; and

WHEREAS, it has been proposed that the amount of bonded indebtedness be increased to fifteen million dollars (\$15,000,000) with consents from all of the property owners within the Community Facilities District; and

WHEREAS, pursuant to the Resolution, a public hearing was set by the Council for Thursday, the 3rd day of August, 2000, at the hour of 2:00 o'clock P.M., at the regular meeting place of the Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814; and

WHEREAS, on August 3, 2000, the City Council continued the public hearing to August 22, 2000, at which time the City Council found that the complexity of the proposed district required additional time and further continued the public hearing to September 5, 2000, then to September 19, 2000, and to September 26, 2000, and further to October 17, 2000, to be held at the same time and place as previously notified, and a Notice of Continuance of Public Hearings was posted by the City Clerk on the bulletin board outside of the City Council Chambers no later than twenty-four (24) hours after each continuance of the public hearings and a copy of each Notice of Continuance of Public Hearings is on file with the City Clerk; and

WHEREAS, on October 17, 2000, the City Council further continued the public hearing to October 24, 2000, to be held at 7:00 o'clock P.M., at the same place as previously notified, and a Notice of Continuance of Public Hearings was posted by the City Clerk on the bulletin board outside of the City Council Chambers no later than twenty-four (24) hours after the continuance of the public hearings and a Notice of Continuance of Public Hearings is on file with the City Clerk; and

WHEREAS, at the continued public hearing on October 24, 2000, all persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, were given an opportunity to appear and be heard on the proposed debt issue or on any other matters set forth in the Resolution, including the Facilities proposed for the Community Facilities District and the proposed increase in the amount of bonded indebtedness, and they were permitted to present any matters relating to the necessity for incurring such bonded indebtedness to finance the costs of the acquisition and construction of the Facilities, and at the close of the public hearing, the Council continued the matter to October 31, 2000; and

WHEREAS, on October 31, 2000, the Council considered the proposed debt issue and any other matters set forth in the Resolution, including the proposed increase in the amount of bonded indebtedness; and

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RESOLUTION NO.: _____

DATE ADOPTED: _____

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE
CITY OF SACRAMENTO, AS FOLLOWS:**

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

Section 2. The Council hereby finds and determines 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 Council hereby approves the proposed increase in the amount of bonded indebtedness to fifteen million dollars (\$15,000,000).

Section 3. The whole of the territory within the Community Facilities District will be benefited by such bonded indebtedness and will be subject to the special tax to pay for such bonded indebtedness.

Section 4. The amount of the proposed bonded indebtedness to be incurred to finance the acquisition and construction of the Facilities (including incidental expenses as authorized by the Act) is fifteen million dollars (\$15,000,000).

Section 5. The maximum term of the bonds shall not exceed forty (40) years from the date of the bonds, or the date of any series thereof.

Section 6. The maximum annual rate or rates of interest to be paid on the bonds shall not exceed twelve percent (12%) per annum, payable annually the first year and semiannually thereafter.

Section 7. The Council hereby approves the form of Waiver and Consent Shortening Time Periods and Waiving Various Requirements for Conducting Mailed-Ballot Election in the Community Facilities District, a copy of which is attached hereto as Exhibit C. The Council hereby finds that the rights, procedures and time periods therein waived are solely for the protection of the voters, may be waived under Government Code Section 53326(a), and that the waiver constitutes a full and knowing waiver, by any voter who has executed the form, of those rights, procedures and time periods. The Council hereby also approves the form of Consent of Property Owner, a copy of which is attached hereto as Exhibit D, consenting to the change to the authorized Facilities to include the payment of certain development fees and the increase in the amount of bonded indebtedness. The Council hereby determines that all of the voters eligible to vote in this election have delivered to the City Clerk properly executed waivers in the forms of Exhibit C and Exhibit D.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 8. A special mailed-ballot election shall be and is hereby called and ordered to be held in the Community Facilities District on Tuesday, October 31, 2000, in accordance with and subject to the Act and applicable law and the terms hereof, at which special mailed-ballot election there shall be submitted to the qualified electors within the Community Facilities District (which qualified electors constitute the landowners within the Community Facilities District) the question of incurring a bonded indebtedness in the amount of fifteen million dollars (\$15,000,000) for the Community Facilities District, and the Council hereby directs that the question of incurring such bonded indebtedness shall be combined in one ballot proposition with the question of levying such special tax within the Community Facilities District and the establishment of an appropriations limit in the amount of one million four hundred fifty thousand dollars (\$1,450,000) per fiscal year in connection therewith, all in accordance with and subject to the Act, all the terms of which shall be applicable to such election. The combined ballot proposition of levying such special tax and establishing such appropriations limit and incurring such bonded indebtedness shall read as follows:

MEASURE (A): Shall the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 be authorized to finance, as provided in Resolution No. 2000-____ adopted by City Council of the City of Sacramento on October 31, 2000, the acquisition and construction of those certain primary and secondary public drainage facilities constituting detention facility/lake, outfalls, drainage outlets, trunk drainage pipes, sanitary sewer trunk and interceptor lines, authorized development impact fees, park landscaping, equipment and facilities, street improvements, water transmission lines, landscaping and soundwalls, public dry utilities, and necessary appurtenances, by incurring a bonded indebtedness in the principal amount of fifteen million dollars (\$15,000,000), and shall an appropriations limit in the amount of one million four hundred fifty thousand dollars (\$1,450,000) per fiscal year in connection therewith be established for the Community Facilities District, and shall a special tax with a maximum rate and method of apportionment as provided in said Resolution No. 2000-____, which is incorporated herein by reference, be levied to pay for the acquisition and construction of such facilities, including the payment of principal of and interest on such bonds and including the repayment of funds advanced for the Community Facilities District?

Section 9. If the combined proposition for the levying of such special tax and the establishment of such appropriations limit and the incurring of such bonded indebtedness receives the approval of more than two-thirds (2/3) of the votes cast on the proposition, the bonds may be issued and sold for the purpose for which they were authorized, and the bonds (except where funds are otherwise available) shall be paid exclusively from the annual levy of such special tax and are not and shall not be

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RESOLUTION NO.: _____

DATE ADOPTED: _____

secured by any other taxing power or funds of the City or the Community Facilities District.

Section 10. The City Clerk is hereby designated as the official to conduct the special mailed-ballot election pursuant to Elections Code Sections 14 and 15. In order to be counted, ballots must be returned to, and be physically received by, the City Clerk before 5:00 p.m. on Tuesday, October 31, 2000; provided, that if all authorized ballots are received by the City Clerk prior to that time, the City Clerk shall, pursuant to Government Code Section 53326(d), immediately close the election and declare the results.

PASSED AND ADOPTED by the Council of the City of Sacramento this 31st day of October, 2000, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Exhibit A

City of Sacramento, North Natomas
Westlake Community Facilities District No. 2000-01
(Sacramento, California)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the City of Sacramento (the "City") North Natomas Westlake Community Facilities District No. 2000-01 (the "CFD") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"**Anticipated Construction Proceeds**" means \$8,800,000 from issuance of bonds.

"**Annual Costs**" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year; (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD, less any credit from earnings on the bond reserve fund, less any reimbursements, and/or less any grants/other project funding.

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DATE ADOPTED: _____

"Assessor" means the Assessor of the County of Sacramento.

"Authorized Facilities" means those improvements, as listed in the Resolution forming the CFD.

"Base Year" means Fiscal Year 2000-2001.

"Benefit Share" means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01.

"City" means City of Sacramento, California.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Sacramento, California.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest payable for any bonds or notes of the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year.

"Development Year" means the Fiscal Year in which the Parcel changes classification from Master Parcel Map to Final Subdivision Map Parcel.

"Estimated Net Acreage" means the actual Net Acreage of a Parcel or an approximation of the Net Acreage by the City based upon the total gross developable acres less an allowance for minor streets of a Parcel as indicated in the North Natomas Community Plan.

"Final Subdivision Map" means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Individual Lot" means a buildable area of land created by a final subdivision map for the purpose of building a single-family residential dwelling unit.

"Low-Density Residential Parcel" means a Taxable Parcel with an approved land use for a single-family-detached residential dwelling unit that lies within a specific Residential Village as shown on Map 1.

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"Master Parcel Map" means a map that subdivides large tracts of land into smaller Parcels for the purpose of selling or otherwise transferring the Parcels for further subdivision in accordance with City procedures, or for the purpose of securing financing, together with planning and construction of infrastructure elements, but not for the purpose of creating either individual residential lots for sale to end-user homeowners, and not for the purpose of allowing construction or other improvements on Non-Residential Parcels.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres or units of the Taxable Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in **Attachment 1** for a given Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

"Maximum Annual CFD Revenue" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD.

"Medium-Density Residential Parcel" means a single family residential Parcel on Map 1 designated as medium density by the City according the North Natomas Community Plan.

"Net Acre" is the area of a Parcel associated with residential and non-residential uses after dedication of all public uses and rights-of-way.

"Non-Residential Parcel" means a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use as defined in the North Natomas Community Plan.

"Other Residential Parcel" means a Taxable Parcel with an approved land use for other than Low-Density Residential Parcel or Medium Density Residential Parcel, such as three or more attached residential units owned in common. If Low Density or Medium-Density Residential Parcels are created that are not consistent with the village shown in Map 1, these Parcels will be classified as Other Residential Parcels.

"Outstanding Bonds" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

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DATE ADOPTED: _____

"Prepayment" means the permanent satisfaction of the entire Special Tax obligation for one or more Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6. Prepayment may occur before or after the initial bond sale, with differing criteria.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned as designated by the City that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways including drainage basins, lakes, public landscaping, wetlands, greenbelts, and public open space. These Parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel, except for Taxable Parcels that are acquired by a public agency, in which case the Special Tax obligation for such Parcels shall be required to be permanently satisfied pursuant to Sections 53317.3 and 53317.5 of the Government Code by the procedure described in Section 6.

"Remaining Facility Cost Share" means the Total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Residential Village" means a designated geographic area within the Master Parcel Map containing residential development. The village designations are either Village 1, Village 2, Village 3, Village 4A, Village 4B, Village 5, or Village 6, as shown on **Map 1**.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act.

"Tax Collection Schedule" means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) Prepayment Parcels, and (iii) Parcels that are open space, recreation, clubhouse etc, owned by a Condominium or Home Owners Association. Certain non-developable privately owned Parcels may also be exempt from the levy of Special Taxes as determined by the City such as common areas, wetlands, and open space.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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"Tentative Subdivision Map" means a tentative subdivision map defined under the California Subdivision Map Act and Title 40 of the Sacramento City Code.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

3. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied on and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund Authorized Facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2029-30.

When all of the bonds issued to pay for Authorized Facilities have been retired, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

4. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

A. **Classification of Parcels.** By May 1 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel to be further classified as a Low-Density Residential Parcel, Medium-Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel.
3. Each Low-Density Residential Parcel to be identified according to its Residential Village.

B. **Assignment of Maximum Annual Special Tax.** The City shall assign the appropriate Maximum Annual Special Tax to each Taxable Parcel as follows:

1. **Low-Density Residential Parcels (identified on Map 1)**

The Maximum Annual Special Tax Rate for a Low-Density Residential Parcel within a Residential Village is shown on Attachment 1.

2. **Medium-Density Residential Parcels**

For Medium-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

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RESOLUTION NO.: _____

DATE ADOPTED: _____

- a) Prior to Subdivision into Individual Lots--Calculate the Maximum Annual Special Tax Revenue by multiplying the Net Acres for the Medium-Density Residential Parcel by the Maximum Annual Special Tax per acre shown on **Attachment 1**.
- b) Following Subdivision into Individual Lots--Divide the Maximum Annual Special Tax from a) above by the total number of Individual Lots created in the Final Subdivision Map or Master Parcel Map to arrive at the Maximum Annual Special Tax per Individual Lot.

3. Other Residential and Non-Residential Parcels

Calculate the Maximum Annual Special Tax for Other Residential Parcels, and Non-Residential Parcels by multiplying the Maximum Annual Special Tax per Net Acre, as shown on **Attachment 1**, by the Net Acres for the Parcel. Other Residential Parcels that are created as condominiums or Individual Lots will have the Maximum Annual Special Tax per Parcel calculated according the procedures in 4.a. and 4.b. above.

- C. Conversion of a Public Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to Section 4.A and Section 4.B above.
- D. Taxable Parcels Acquired by a Public Agency — A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

5. CALCULATING ANNUAL SPECIAL TAX LEVY

The City shall compute the Annual Costs for each land use category, and determine the Maximum Annual Special Tax for each Parcel based on the assignment in the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Maximum CFD Revenue by taxing each Taxable Parcel at 100% of its Maximum Annual Special Tax (**Attachment 2** shows the estimated maximum special tax revenues at buildout based on the Base Year tax rates). If revenues are greater than the Annual Costs, reduce the tax proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may permanently satisfy the Special Tax obligation for one or more Parcels. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax liability for one or more Parcels.

Prepayment is permitted only under the following conditions:

- The City determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the Fiscal Year beginning July 1.

The total Prepayment amount will include the Parcel's proportionate share of all estimated costs necessary to construct the Authorized Facilities (the "base Prepayment amount") plus any additional administrative and financing costs necessary to redeem bonds and calculate the Prepayment. These calculations are described below.

CALCULATE PREPAYMENT AMOUNT

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.

Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.

Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.

Step B.3: Determine the share of facilities already funded by Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.

Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1.
(Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)

Step B.5: Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

7. RECORDS MAINTAINED FOR THE CFD

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- the current Parcel Number,

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RESOLUTION NO.: _____

DATE ADOPTED: _____

- the Residential Village in which a Low-Density Residential Parcel lies,
- the Parcel acreage (gross, gross developable or net),
- the Maximum Annual Special Taxes which applied in each Fiscal Year,
- the authorized Special Taxes levied in each Fiscal Year; and
- the Development Year.

The file containing the information listed above will be available for public inspection.

8. APPEALS

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a

Attachment 1
North Natomas Westlake CFD No. 2000-01
Maximum Special Taxes

Fiscal Year Ending	Low-Density Residential							Medium-Density Residential	Other Residential & Non-Residential
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 5	Village 6	[1] Per net acre	Per net acre
				<i>Per unit</i>					
2001	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	\$3,600
2002	\$632	\$1,183	\$1,030	\$734	\$938	\$938	\$847	\$3,672	\$3,672
2003	\$645	\$1,207	\$1,051	\$749	\$957	\$957	\$864	\$3,745	\$3,745
2004	\$658	\$1,231	\$1,072	\$764	\$976	\$976	\$881	\$3,820	\$3,820
2005	\$671	\$1,256	\$1,093	\$779	\$996	\$996	\$898	\$3,897	\$3,897
2006	\$685	\$1,281	\$1,115	\$795	\$1,016	\$1,016	\$916	\$3,975	\$3,975
2007	\$698	\$1,306	\$1,137	\$811	\$1,036	\$1,036	\$935	\$4,054	\$4,054
2008	\$712	\$1,332	\$1,160	\$827	\$1,057	\$1,057	\$953	\$4,135	\$4,135
2009	\$726	\$1,359	\$1,183	\$844	\$1,078	\$1,078	\$972	\$4,218	\$4,218
2010	\$741	\$1,386	\$1,207	\$860	\$1,099	\$1,099	\$992	\$4,302	\$4,302
2011	\$756	\$1,414	\$1,231	\$878	\$1,121	\$1,121	\$1,012	\$4,388	\$4,388
2012	\$771	\$1,442	\$1,256	\$895	\$1,144	\$1,144	\$1,032	\$4,476	\$4,476
2013	\$786	\$1,471	\$1,281	\$913	\$1,167	\$1,167	\$1,053	\$4,566	\$4,566
2014	\$802	\$1,501	\$1,307	\$931	\$1,190	\$1,190	\$1,074	\$4,657	\$4,657
2015	\$818	\$1,531	\$1,333	\$950	\$1,214	\$1,214	\$1,095	\$4,750	\$4,750
2016	\$834	\$1,561	\$1,359	\$969	\$1,238	\$1,238	\$1,117	\$4,845	\$4,845
2017	\$851	\$1,592	\$1,387	\$988	\$1,263	\$1,263	\$1,139	\$4,942	\$4,942
2018	\$868	\$1,624	\$1,414	\$1,008	\$1,288	\$1,288	\$1,162	\$5,041	\$5,041
2019	\$886	\$1,657	\$1,443	\$1,028	\$1,314	\$1,314	\$1,185	\$5,142	\$5,142
2020	\$903	\$1,690	\$1,471	\$1,049	\$1,340	\$1,340	\$1,209	\$5,245	\$5,245
2021	\$921	\$1,724	\$1,501	\$1,070	\$1,367	\$1,367	\$1,233	\$5,349	\$5,349
2022	\$940	\$1,758	\$1,531	\$1,091	\$1,394	\$1,394	\$1,258	\$5,456	\$5,456
2023	\$959	\$1,793	\$1,561	\$1,113	\$1,422	\$1,422	\$1,283	\$5,566	\$5,566
2024	\$978	\$1,829	\$1,593	\$1,135	\$1,451	\$1,451	\$1,309	\$5,677	\$5,677
2025	\$997	\$1,866	\$1,625	\$1,158	\$1,480	\$1,480	\$1,335	\$5,790	\$5,790
2026	\$1,017	\$1,903	\$1,657	\$1,181	\$1,509	\$1,509	\$1,362	\$5,906	\$5,906
2027	\$1,038	\$1,941	\$1,690	\$1,205	\$1,540	\$1,540	\$1,389	\$6,024	\$6,024
2028	\$1,058	\$1,980	\$1,724	\$1,229	\$1,570	\$1,570	\$1,417	\$6,145	\$6,145
2029	\$1,079	\$2,020	\$1,758	\$1,254	\$1,602	\$1,602	\$1,445	\$6,268	\$6,268
2030	\$1,101	\$2,060	\$1,794	\$1,279	\$1,634	\$1,634	\$1,474	\$6,393	\$6,393

[1] Medium-Density Residential Maximum Annual Special Taxes per unit are determined when a Parcel records a Final Subdivision Map.

Note: Tax Rates are escalated annually at 2%.

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RESOLUTION NO.:

DATE ADOPTED:

Attachment 2
North Natomas Westlake CFD No. 2000-01
Base Year Estimated Maximum Special Tax Revenue

Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.1	133	5,250	\$620 per unit	\$82,460
Village 2	31.6	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.5	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.6	86	5,775	\$720 per unit	\$61,920
Village 4B	15.6	76	6,825	\$920 per unit	\$69,920
Village 5	25.0	108	6,825	\$920 per unit	\$99,360
Village 6	17.5	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.9	702			
Medium Density Residential	30.5			\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.5			\$3,600 per net acre	\$163,800
TOTAL	228.9	702			\$890,780

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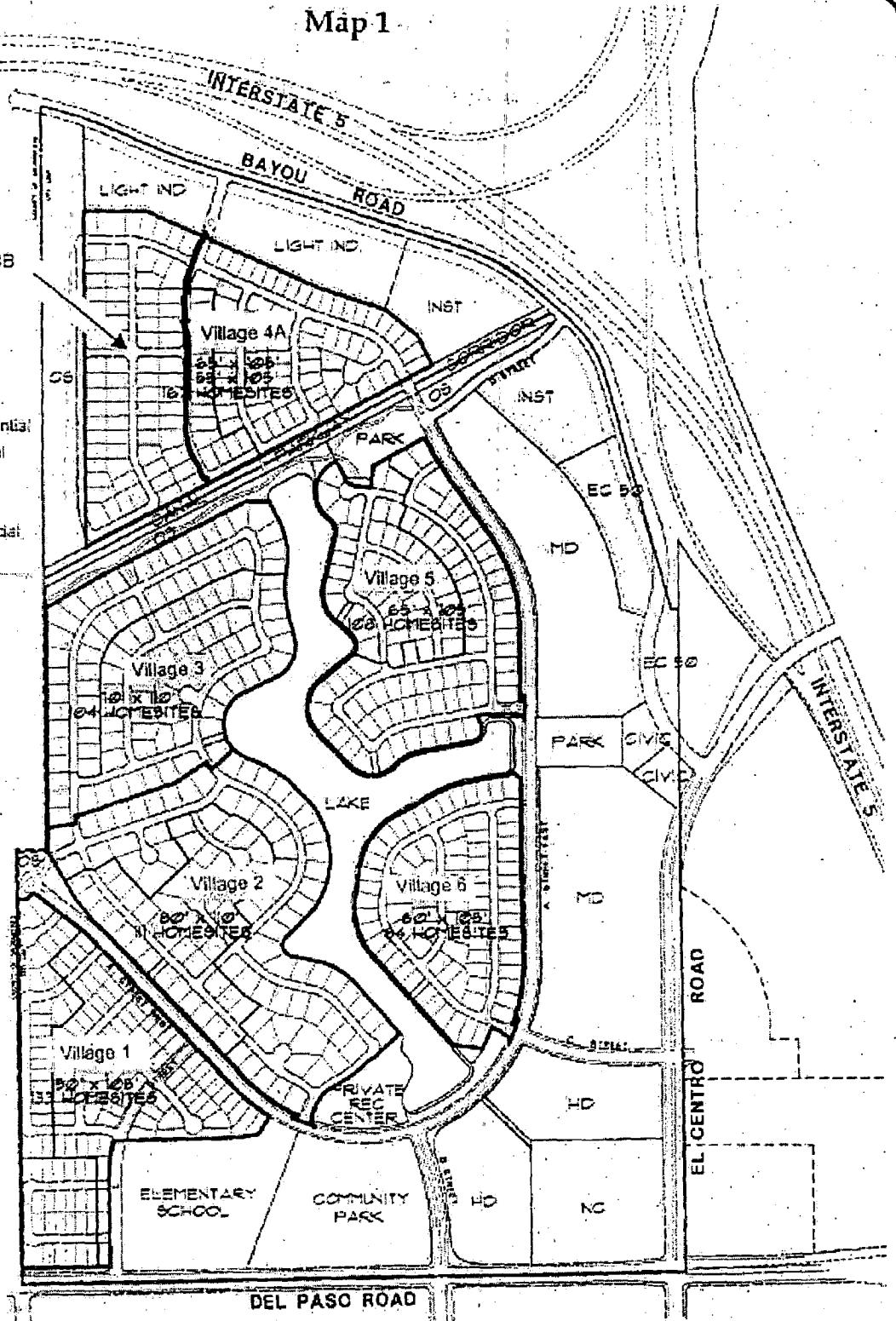
DATE ADOPTED: _____

Map 1

Zoning Code

OS	Open Space
LIGHT IND	Light Industrial
MD	Medium Density Residential
HD	High Density Residential
EC 50	Employment Center 50 employees per acre
NC	Neighborhood Commercial
INST	Institutional

Village 4B



FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Exhibit B

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

List of Eligible Facilities

The authorized costs of the eligible facilities include all those set forth in Section 53345.3 of the Act, and all costs necessary to administer any Debt, collect and administer the special taxes, and administer the Agency. The special taxes may be levied not only to pay current debt service on outstanding Debt, but also to accumulate funds for future debt service, to pay amounts delinquent on the Debt (or to become delinquent based upon past special tax delinquencies), to replenish the reserve fund to its proper level (or to reimburse payments to be made from the reserve fund based upon past special tax delinquencies), to pay authorized costs, to pay directly for any authorized facilities or to accumulate funds for that purpose. Special tax proceeds may be accumulated to pay debt service on Debt so long as such proceeds are handled in such a fashion as not to cause the Debt to become arbitrage bonds under the Tax Reform Act of 1986.

The following list of eligible facilities is classified into two groups, Primary Facilities, and Secondary Facilities. Funding for Secondary Facilities may only be authorized with remaining proceeds of the CFD after Primary Facilities have been constructed, paid for and accepted fully by the City or project is substantially complete and sufficient security exists to the satisfaction of the City in accordance with the Acquisition Agreement.

The list of secondary facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction.

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If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document.

Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

Primary Facilities eligible to be financed with proceeds from the CFD (not listed in any specific order):

- A. Excavation of the detention facility / lake. Construction of the detention facility / lake including clay liner, lake access ramps, and other necessary appurtenances. Construction of outfalls defined in the Master Drainage Plan for Westlake, including drainage pipes, manholes, junction box, cutoff walls, and other necessary appurtenances. Construction of drainage outlets including drainage pipes, manholes, junction box, headwalls, erosion control, and any other necessary appurtenances. Dewatering and measures to control groundwater during both construction and operation of the facilities. Land acquisition for the detention facility / lake, as determined by the appraisal for the lake. Habitat Conservation (HCP) fees for construction of the detention facility / lake. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.
- B. Trunk drain pipes and other appurtenances defined as common drainage facilities in the Westlake Master Drainage Plan for conveyance of storm drainage to the detention facility / lake, including manholes. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.

Secondary Facilities eligible to be financed with remaining proceeds of the CFD (not listed in any specific order):

- A. Construction of sanitary sewer trunk and interceptor lines, including pipes, manholes, and all necessary appurtenances.
- B. Construction of Del Paso Road from El Centro Road to the westerly property boundary (city limits) of the project and other major roads that are eligible for funding under the 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 include clearing, grading, installing asphalt concrete with aggregate base, raised center median, median

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DATE ADOPTED: _____

landscaping where appropriate, storm drainage facilities, street signs, street lights, widening at intersections, traffic signals, corridor landscaping and sound walls, major utility conduits, utility conduit crossings, right-of-way acquisition, and all necessary appurtenances to the mentioned roads.

- C. Neighborhood and community park landscaping, equipment, and facilities.
- D. Landscaping and soundwalls in landscape corridors, streetlights, and entryway signs and monuments in entryways along Del Paso Road.
- E. Public dry utilities (electric, telephone, natural gas, and CATV).
- F. Habitat Conservation (HCP) fees required for construction of additional secondary facilities.
- G. Development Impact Fees, the proceeds of which will be used to finance Eligible Facilities, including but not limited to, North Natomas Public Facilities Fees and Citywide Park Facilities Fees.
- H. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for additional secondary facilities.

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DATE ADOPTED: _____

EXHIBIT C

WAIVER AND CONSENT OF LANDOWNERS
IN THE PROPOSED CITY OF SACRAMENTO
NORTH NATOMAS WESTLAKE COMMUNITY
FACILITIES DISTRICT NO. 2000-01
SHORTENING TIME PERIODS AND WAIVING VARIOUS
REQUIREMENTS FOR CONDUCTING A MAILED-BALLOT ELECTION

The undersigned is the owner (or the authorized representative of the owner) of certain real property in the City of Sacramento (the legal description of which is indicated in Exhibit A attached hereto), which real property is located in the proposed City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the "Community Facilities District"), as the boundaries of the Community Facilities District are set forth on the map entitled "Proposed Boundaries of the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01," designated Exhibit B, attached hereto and incorporated herein, and in such capacity the undersigned certifies that the undersigned is legally entitled and authorized to cast the ballots for the above-referenced owner in the mailed-ballot election to be conducted within the Community Facilities District to determine, among other things, whether the land owned by the above-referenced owner shall be subject to the levy of a special tax by the Community Facilities District.

The undersigned hereby waives any and all minimum time requirements relative to such election pursuant to Section 53326(a) of the California Government Code, and the undersigned hereby waives the preparation and distribution of an

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RESOLUTION NO.: _____

DATE ADOPTED: _____

impartial analysis of the ballot measure to be submitted at such election, as well as arguments and rebuttal arguments in favor of or against such ballot measure pursuant to Section 53327(b) of the California Government Code, and the undersigned hereby waives the requirement to publish a notice of such election pursuant to Section 53352 of the California Government Code, and the undersigned hereby waives the timing requirements regarding the mailing of ballots to the qualified electors within the Community Facilities District pursuant to Section 4101 of the California Elections Code.

The undersigned hereby further agrees to accept either mailed service or personal service of the ballot, and the undersigned hereby waives the requirements regarding identification envelopes for the return of mailed ballots pursuant to Section 53327.5 of the California Government Code, and the undersigned further waives any and all defects in notice or procedure in the conduct of such election, whether known or unknown (other than the right to have ballots accurately counted), and the undersigned hereby states that the election is being expedited, pursuant to this waiver and consent, at the particular instance and request of the above-referenced owner.

Dated: _____, 2000

By _____
(signature)

(print name of Authorized Representative)

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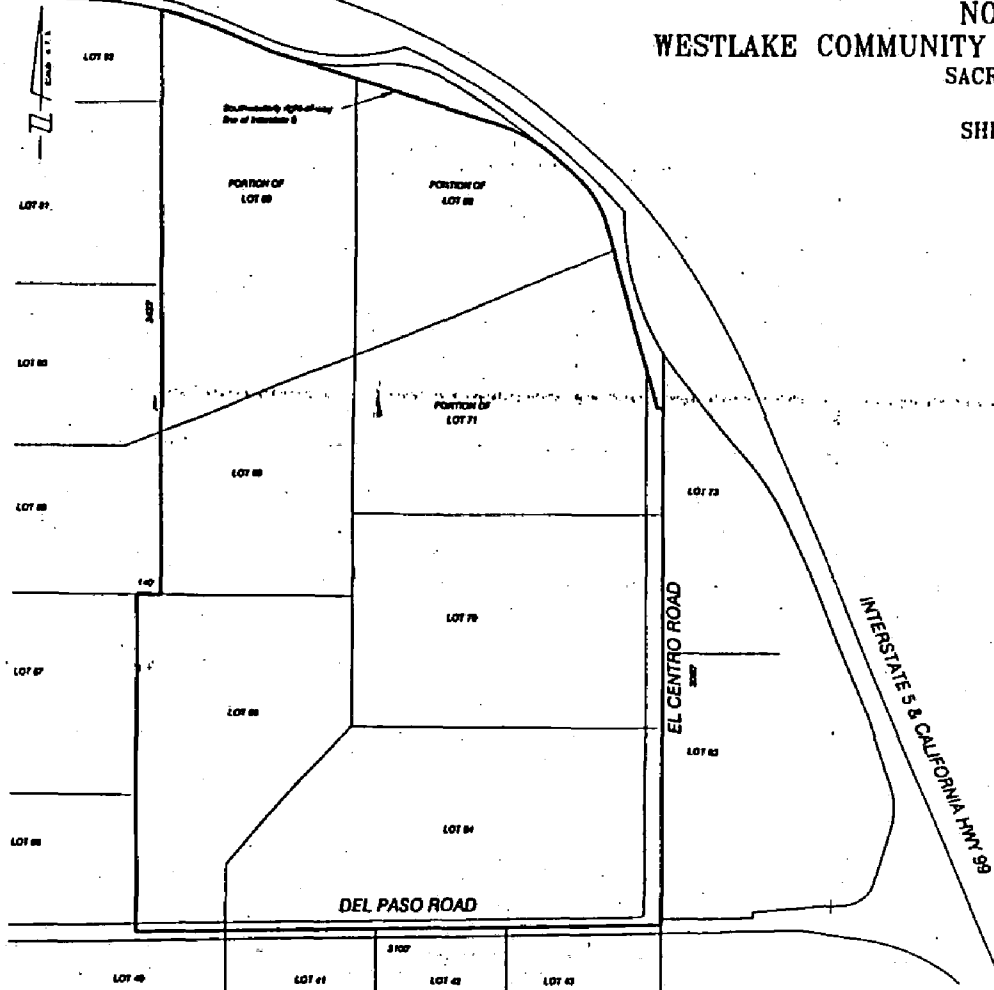
RESOLUTION NO.: _____

DATE ADOPTED: _____

INTERSTATE 5

PROPOSED BOUNDARIES OF
CITY OF SACRAMENTO
NORTH NATOMAS
WESTLAKE COMMUNITY FACILITIES DISTRICT No. 2000-01
SACRAMENTO, CALIFORNIA

SHEET 1 OF 1 SHEETS



CLERK'S MAP FILING STATEMENT:

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
THIS _____ DAY OF _____, 2000.

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE:

I HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED BOUNDARIES
OF WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, CITY
OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO
AT A MEETING THEREOF HELD ON THE _____ DAY OF _____
2000 BY ITS RESOLUTION NO. _____

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT:

FILED THIS _____ DAY OF _____, 2000 AT THE HOUR
OF _____ M., IN BOOK _____ OF MAPS OF ASSESSMENT
DISTRICTS AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____
IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF
SACRAMENTO, CALIFORNIA

LEGEND

DISTRICT BOUNDARY

The Spink Corporation

A UNIFORM FURTHER FILING STATEMENT AND IT IS NOT REQUIRED

FOR CITY CLERK USE ONLY

RESOLUTION NO.:

DATE ADOPTED:

EXHIBIT D

CONSENT OF PROPERTY OWNER
IN THE PROPOSED CITY OF SACRAMENTO
NORTH NATOMAS WESTLAKE COMMUNITY
FACILITIES DISTRICT NO. 2000-01

The undersigned is the owner (or the authorized representative of the owner) of certain real property in the City of Sacramento (the legal description of which is indicated in Exhibit A attached hereto), which real property is located in the proposed City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (the "Community Facilities District"), and in such capacity the undersigned certifies that the undersigned is legally entitled and authorized to execute this Consent of Property Owner.

The undersigned hereby consents to the following:

(1) The Facilities as described in Resolution No. 2000-411 of the City Council of the City of Sacramento (the "City Council") adopted on June 27, 2000, and proposed to be approved in the mailed-ballot, landowner election of the Community Facilities District shall be changed to include the payment of certain authorized development fees as described in the proposed resolution establishing the Community Facilities District to be adopted by the City Council on October 24, 2000; and

(2) The proposed amount of bonded indebtedness of thirteen million dollars (\$13,000,000) as described in Resolution No. 2000-412 of the City Council adopted on June 27, 2000, to finance the Facilities shall be increased to fifteen million dollars (\$15,000,000) in the mailed-ballot, landowner election of the Community Facilities District as described in the proposed resolution declaring the necessity to incur a bonded indebtedness to be adopted by the City Council on October 24, 2000.

Dated: October _____, 2000

By _____
(signature)

(print name of Authorized Representative)

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

EXHIBIT A OF EXHIBIT D

CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE
COMMUNITY FACILITIES DISTRICT NO. 2000-01

NAME OF
OWNER

SACRAMENTO COUNTY
ASSESSOR'S PARCEL
NUMBER
OR LEGAL DESCRIPTION

SIGNATURE

_____	_____	_____
_____	_____	_____

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

FINAL HEARING REPORT

NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT No. 2000-01

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

October 31, 2000

EPS # 9169

SACRAMENTO

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Sacramento, CA 95833-3647
www.epsys.com

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fax: 916-649-2070



BERKELEY

phone: 510-841-9190
fax: 510-841-9208

DENVER

phone: 303-575-8112
fax: 303-623-1294

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EXHIBITS

- Exhibit A: Rate and Method of Apportionment of Special Tax
- Exhibit B: List of Eligible Facilities
- Exhibit C: Boundary Map

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I. INTRODUCTION

BACKGROUND

The North Natomas Community Plan encompasses approximately 9,000 acres north of Interstate 80 and west of Union Pacific Railroad. Although adopted by the City of Sacramento, the Community Plan includes areas that are outside the City limits. At buildout, the Community Plan is projected to contain approximately 31,800 dwelling units and jobs for approximately 73,500 employees.

The Financing Plan for the North Natomas Community Plan delineated a Finance Plan Area. Approximately 6,800 acres within the City limits have been included in the Finance Plan Area¹ for North Natomas. Development of the Finance Plan Area of the Community Plan will require over \$924.4 million in new public infrastructure and improvements. Of this, approximately \$534.0 million has been apportioned as the North Natomas share of funding. The Financing Plan recommends a combination of area-wide financing mechanisms to fund the North Natomas share of required public infrastructure. These financing mechanisms include North Natomas impact fee programs, North Natomas land acquisition program, existing City and County fee programs, and Mello-Roos Community Facilities District (CFD) 97-01 for area-wide drainage.

CFD No. 97-01 was formed in 1997, and has sold approximately \$25.6 million bonds to remove the internal 100-year flood plain and provide capacity in the Reclamation District 1000 (RD 1000) canal system for the additional runoff caused by new development. This action resulted in an updated Flood Insurance Rate Map (FIRM) April 1999. Planned additional bond issue(s) will complete the comprehensive drainage system.

There are twelve drainage basins in the North Natomas Finance Plan Area. In addition to CFD No. 97-01 funding of area-wide drainage improvements, the North Natomas Financing Plan requires that a drainage master plan and financing strategy to fund the necessary basin drainage improvements be implemented prior to development of property within each drainage basin. Westlake CFD No. 2000-01 ("The CFD") meets the financing strategy requirements of the North Natomas Financing Plan for drainage basin 8A.

PURPOSE OF CFD NO. 2000-01

The following report discusses the financing strategy for Westlake Drainage Basin 8A. The property within the Basin 8A drainage shed area includes approximately 330 net acres located in the northwestern portion of the North Natomas Finance Plan Area. The Westlake project

¹The Finance Plan Area of the Community Plan includes only those acres in the City of Sacramento that are participating in the North Natomas Financing Plan.

area is bounded by Bayou Road, which runs parallel to Interstate 5 to the north, El Centro Road to the east, and Del Paso Road to the south. The western boundary is the current City of Sacramento City limit. Map 1 shows the location of drainage basin 8A.

Development in the drainage basin will require the construction of major drainage collection and detention facilities. The required facilities were identified in the storm drain master plan for drainage basin 8A.

CFD FUNDING

The current property owner, Lennar Communities, has requested the formation of Westlake Community Facilities District No. 2000-01 (CFD No. 2000-01) for the purpose of funding approximately \$12.7 million (2000 \$) in backbone drainage facilities and a drainage contingency or funding for other major backbone facilities required for the development of the property. Of the total \$12.7 million, drainage facilities are estimated to cost \$9.7 million, and eligible secondary facility costs are currently estimated at \$3.0 million.

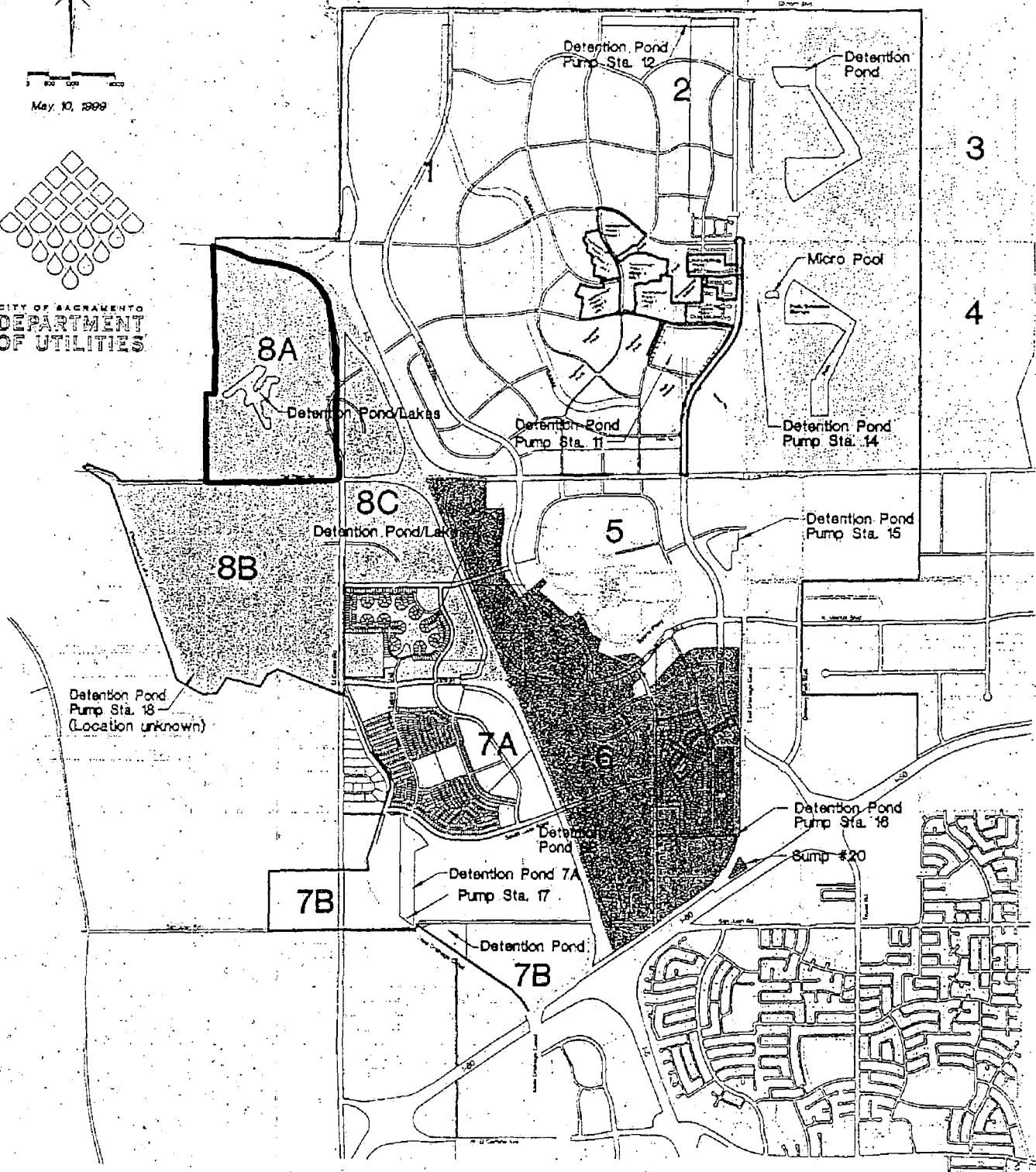
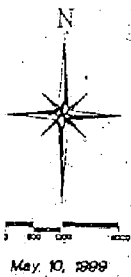
The CFD has a bond authorization of \$15.0 million, and is anticipated to issue \$10.6 million (2000 \$'s). Construction proceeds yielded by the sale of the bonds are approximately \$8.8 million (2000 \$'s). The difference between current estimated total construction costs, \$12.7 million, and estimated construction proceeds, \$8.8 million, will be financed through a combination of private funding and drainage fees.

ORGANIZATION OF THE REPORT

Following this introduction, Chapter II describes the land uses within the CFD. Chapter III describes the public facilities to be funded, Chapter IV discusses the proposed bond issues and the maximum special tax rates. Chapter V describes the structure of the CFD and the Rate and Method of Apportionment of Special Tax (also known as the Special Tax Formula). Chapter VI presents a brief feasibility analysis of the proposed CFD.

Three exhibits are attached to this report. Exhibit A provides the Rate, Method, and Manner of Apportionment and Manner of Collection of Special Tax. Exhibit B is the list of eligible facilities describing the facilities that the CFD may acquire or construct. Exhibit C is the CFD No. 2000-01 boundary map.

Map 1 Location of Drainage Basin 8A in North Natomas



CITY OF SACRAMENTO

3

North Natomas Drainage Basins



II. LAND USE & PHASING

The Westlake development project is bounded by Bayou Road, which runs parallel to Interstate 5 to the north, El Centro Road to the east, and Del Paso Road to the south. The western boundary is the current City of Sacramento City limit. **Map 1** shows the location of drainage basin 8A. **Map 2** shows land uses within the proposed development project.

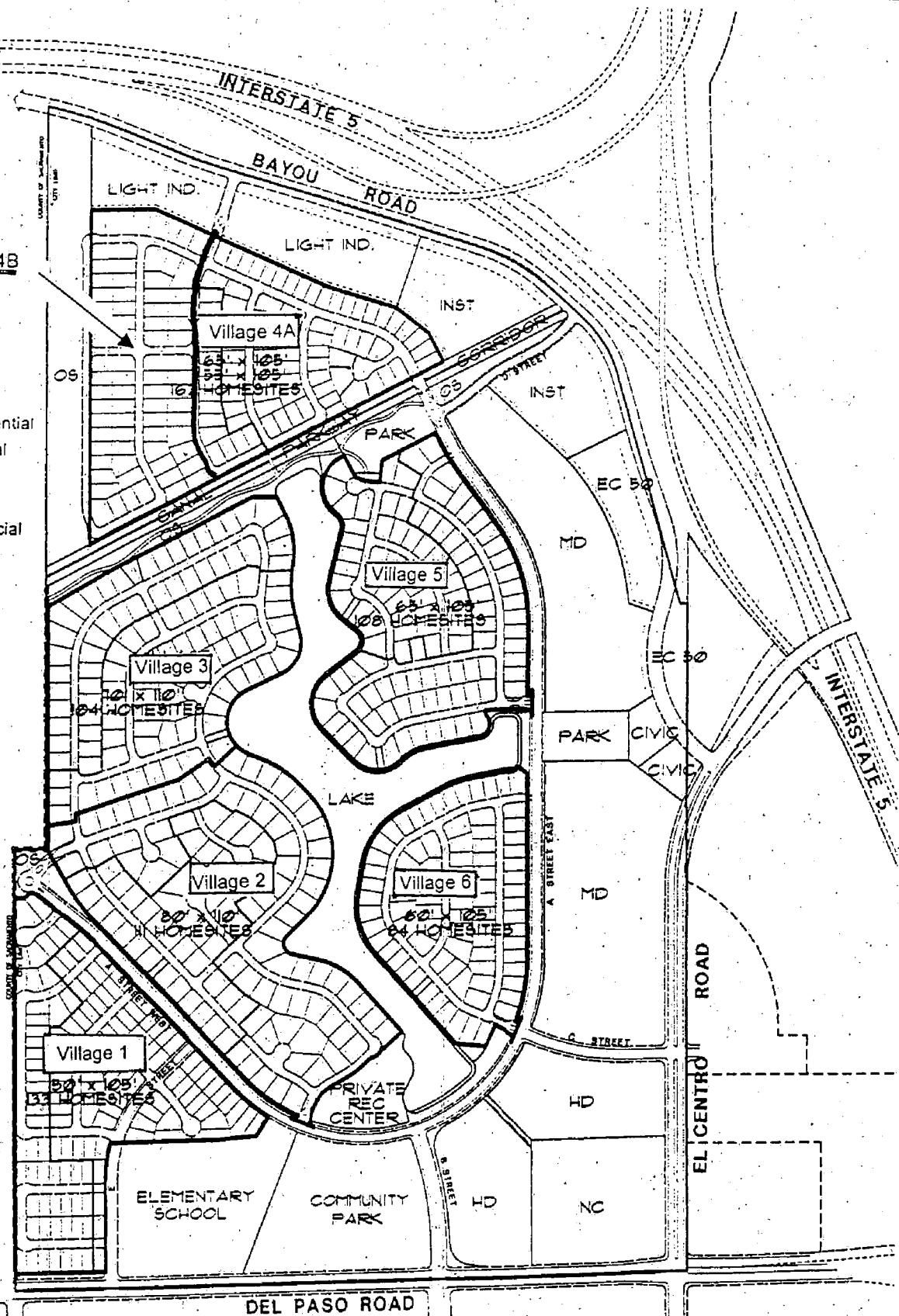
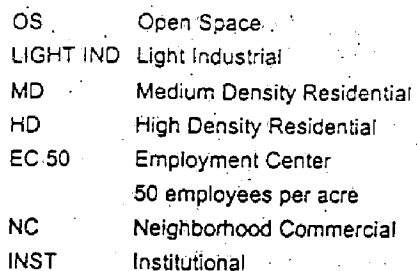
The Westlake project within the drainage shed area of drainage basin 8A comprises a mix of residential land and non-residential uses on over 330 net acres. Net acres exclude all lands proposed for public ownership lands (i.e., parks, schools, and fire stations) and dedicated major and minor public rights-of-way (i.e., roads, utility easements, and drainage facilities). Public uses include a neighborhood and community parks, elementary school, civic uses, open space and canal parkway, and drainage facilities. Parcels that are not defined for public use at the time the CFD is formed may be treated as taxable parcels if the underlying land use allows for development. **Figure 1** shows net acres of land use as of the Resolution of Intention (June 27, 1999) within the drainage basin shed area.

There are six residential villages with low density residential units planned around the drainage basin, which will also serve as a lake and provide recreational amenities for the residents. The homes planned to be located around the lake will be part of a gated community. Each village has a different median lot size, ranging from 5,250 square feet in village 1 to 8,800 square feet in village 2. A private recreation center for the single family homes will be located at the southern end of the lake. Medium density housing, which will not be part of the gated community, is proposed on the east side of A Street.

Light industrial uses will be located along Bayou Road, and a neighborhood convenience commercial center will be located next to high density housing at the northwest corner of Del Paso and El Centro Road.

PHASING OF DEVELOPMENT

Development is anticipated to occur in two Phases. Of the land uses shown, approximately 900 single family residential units will be developed in Phase I, and 35 acres of non-residential property and other uses will be developed in Phase II. The single family property around the lake, beside the canal corridor and along A Street West will develop in Phase I. The remaining non-residential and multi-family or condominium properties are anticipated to develop in Phase II, which is expected to be approximately 2 to 3 years after the start of construction in Phase I.



Map 2
Land Uses in Westlake Project Area

Figure 1
North Natomas Westlake CFD No. 2000-01
Land Use

Land Use	Net Acres	Units	Median Lot Size (sq. ft.)
Phase I Taxable Property			
Low Density Residential			
Village 1	19.1	133	5,250
Village 2	31.6	111	8,800
Village 3	26.5	104	7,700
Village 4A	17.6	86	5,775
Village 4B	15.6	76	6,825
Village 5	25.0	108	6,825
Village 6	17.5	84	6,300
Subtotal Low Density	152.9	702	
Medium Density Residential			
Parcel No. 438	16.0	133	4,675
Parcel No. 439	14.0	86	4,725
Subtotal Medium Density	30.0	219	
Total Phase I Taxable Property	182.9	921	
Phase II Taxable Property [1]			
High Density Residential			
Parcel No. 436	5.7	114	20du/acre
Parcel No. 437	5.8	116	20du/acre
Subtotal High Density	11.5	230	
Non-Residential			
Neighborhood Commercial	8.0		
EC-50	5.0		
Light Industrial	10.7		
Institutional	10.3		
Subtotal Non-Residential	34.0		
Total Phase II Taxable Property	45.5	230	
Tax-Exempt Property (Public)			
Lakes	21.0		
Drainage Corridor	4.9		
Parkway	3.7		
Parks	14.1		
Agricultural Buffer	9.2		
Elementary School	10.0		
Recreation Center	3.6		
Irrigation Canal	0.2		
Water Tank	1.6		
SMUD Substation	0.7		
Major roads/landscape corridors	33.6		
Total Tax-Exempt Property	102.6		
TOTAL PROPERTY	331.0	1,151	

[1] Phase II property will initially be classified as non-participating, and will be tax-exempt until the City receives written authorization to tax the property.
Source: Lennar Communities, June 2000.

III. FACILITY COST AND COST ALLOCATION

This chapter describes the drainage and other CFD eligible facility costs proposed to be financed through Westlake CFD No. 2000-01, and drainage cost allocation.

FACILITIES TO BE FUNDED IN THE CFD

The primary purpose of the CFD is the funding of drainage facilities. The CFD is proposed to fund approximately \$8.8 million (2000 \$'s) construction costs of eligible CFD facilities to serve the Westlake project area. The List of Eligible Facilities in **Appendix B** separates the types of facilities eligible to be funded by the CFD into two categories; primary and secondary. Primary facilities are drainage facilities that are required as part of the Master Drainage Plan for Basin 8A to complete the drainage system for the development area. Secondary facilities are facilities other than drainage as specified in the List of Eligible Facilities.

The list of secondary facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction.

If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document.

Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

TOTAL FACILITIES COST

Figure 2 shows total estimated costs by phase for the project area. The total cost estimate for eligible construction costs (see discussion under heading 'Facilities to be Funded in the CFD') is \$12.7 million. Of the total estimated construction costs, \$9.7 million is estimated for drainage improvements. Estimated eligible secondary facilities currently total \$3.0 million. Approximately \$11.3 million of the \$12.7 million total are eligible costs for Phase I construction, and approximately \$1.4 million are eligible costs for Phase II construction.

Figure 2
North Natomas Westlake CFD No. 2000-01
Estimate of Total Cost and Expenditure by Phase

Facilities	Phase I	Phase II	Estimated Total Cost
Detention Basin [3]	\$3,965,000	\$0	\$3,965,000
Detention Basin Land [1]	\$1,425,000	\$0	\$1,425,000
Phase I Drainage Facilities [3]	\$2,716,000	\$0	\$2,716,000
Phase II Drainage Facilities [2]	\$0	\$1,415,000	\$1,415,000
City Engineering Costs	\$200,000	\$0	\$200,000
Total Primary Facilities (Drainage) Costs	\$8,306,000	\$1,415,000	\$9,721,000
Estimate of Eligible Secondary Facilities Cost [4]	\$3,000,000	\$0	\$3,000,000
Total Estimated Eligible Facilities Cost [5]	\$11,306,000	\$1,415,000	\$12,721,000

"costs"

- [1] Uses a placeholder of \$75,000 per acre until the appraisal is completed.
- [2] City of Sacramento Public Works cost estimate.
- [3] Based on bids received.
- [4] Cost shown includes improvements along Del Paso Road and Park improvements.
- [5] List of Eligible Facilities shown in Appendix B.

DRAINAGE FACILITY COSTS

The CFD is estimated to fund a portion of the residential and non-residential land use drainage costs for basin 8A. The total drainage cost is estimated \$9,721,000. The CFD is currently anticipated to fund approximately \$8.8 million of the total drainage costs. A summary of the drainage costs by Phase is shown below. Phase I costs are based on the bid for work to complete all drainage facilities for Phase I development, which includes the ultimate construction of the detention storage/lake. Costs shown below include hard and soft costs, which allow for engineering, staking, and allowance for change orders. The Phase II costs include an estimate for trunk drain pipes to serve Phase II development.

Summary of Estimated Drainage Facility Costs (2000\$)

<u>Facility</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Total</u>
Detention Storage/Lake	\$3,965,000	\$0	\$3,965,000
Conveyance Facilities	\$2,716,000	\$1,415,000	\$4,131,000
Detention Basin Land Estimate	\$1,425,000	\$0	\$1,425,000
City Engineering Costs	\$200,000	\$0	\$200,000
Total Drainage Facility Costs	\$8,306,000	\$1,415,000	\$9,721,000

The above costs are based on current information, and include soft costs for engineering, inspection, construction staking, and construction management.

A general description of each of the major drainage components is provided below.

DESCRIPTION OF DRAINAGE FACILITIES

The CFD will fund the drainage basin/lake and common drainage facilities as described in the drainage agreement between the City of Sacramento and Lennar Communities. Costs associated with the common drainage facilities include but are not limited to:

DETENTION BASIN

- Excavation and construction of the detention facility/lake;
- Construction of outfalls, including drainage pipes, manholes, junction box, cutoff walls, and other necessary appurtenances;
- Construction of drainage outlets;
- Dewatering and groundwater control;
- Land Acquisition for the detention facility/lake;
- Habitat Conservation Fees for the detention facility/lake; and
- Contingencies, engineering, staking, plan checking, inspection and testing.

Habitat Mitigation Fees

The North Natomas area is required to pay Habitat Mitigation Fees for disturbance of giant garter snake and Swainson's hawk habitat. The fees are paid pursuant to the provisions of the Natomas Basin Habitat Conservation Plan (NBHCP). Fees are paid for each acre disturbed when a grading permit issued. HCP fees have been paid and are included in the total cost of the detention facility. The HCP fees were paid at \$2,656 for 19 acres, a total of \$50,464. This cost is included in the Detention Basin line item on Figure 2.

Land Acquisition

The detention storage basin/lake will be City of Sacramento owned property. The CFD will pay for the acquisition of 18.9 acres of detention storage for the City. The cost of acquiring the detention storage has not yet been determined. City of Sacramento's property rights (interest) in the detention basin /lake will be subject to an easement that will be granted to Lennar for use of the lake for aesthetic, recreational, and boating purposes. It is likely that an appraisal will be conducted to determine the value of the City's property rights given the easement. As the appraised value is not yet known, the City of Sacramento estimated the cost of acquisition at \$75,000 per acre as a placeholder. The total cost estimate is therefore \$1.4 million. This cost is included in the Detention Basin line item on Figure 2. If the cost identified in the appraisal is less than estimated, additional CFD funds will be available for other drainage, and may be available for secondary facilities.

CONVEYANCE FACILITIES

A major cost associated with the CFD is the construction of trunk drainage facilities. These facilities collect the drainage run-off and convey it to the detention facility. Conveyance facilities funded in the CFD are common pipes, including manholes that provide the drainage solution to the whole detention basin area. The overall categories of conveyance facilities include:

- In-road drains;
- Bypass drains; and
- Relief drains;

Costs include engineering, construction staking, construction management, and plan check and inspection.

COST ALLOCATION

Figure 3 shows a cost allocation of total drainage costs over the different land uses within the Westlake project area. The cost allocation methodology is taken from the North Natomas Nexus Study Update August 1999 which sets a Drainage Fee for each drainage basin within North Natomas.

Figure 3
North Natomas Drainage Facility Cost for Basin 8A
Cost Allocation to Establish Drainage Fee

Land Use	Development Phase	Acres	Common Use Factor	Units	Total Use	Percent Share	Cost Share	Cost Per Acre	Cost Per DU
Phase I									
Low Density Residential	Phase I	152.90	0.50	702	76.5	56.4%	\$5,477,982	\$35,827	\$7,803
Medium Density Residential	Phase I	30.00	0.65	219	19.5	14.4%	\$1,397,262	\$46,575	\$6,380
Total Phase I		182.90		921		70.7%	\$6,875,244		
Phase II									
High Density Residential	Phase II	11.50	0.75	230	8.6	6.4%	\$618,020	\$53,741	\$2,687
Convenience Commercial	Phase II	8.00	0.80		6.4	4.7%	\$458,588	\$57,324	
Employment Commercial (EC)	Phase II	5.00	0.75		3.8	2.8%	\$268,704	\$53,741	
Light Industrial	Phase II	10.70	0.70		7.5	5.5%	\$536,692	\$50,158	
Institutional	Phase II	10.30	0.75		7.7	5.7%	\$553,531	\$53,741	
Total Phase II		45.50		230		25.1%	\$2,435,535		
School and Civic									
Civic	Civic	2.30	0.75		1.7	1.3%	\$123,604	\$53,741	
School	School	10.00	0.40		4.0	2.9%	\$286,618	\$28,662	
Total School and Civic		12.30			5.7	4.2%	\$410,222	\$82,403	
Grand Total		240.70		1,151	135.7	100.0%	\$9,721,000		

"drain_b8A"

Source: North Natomas Nexus Study Update 1999.

Facility costs assigned to public parcels in Figure 3 will be paid through the North Natomas Drainage Fee Program. While most public land in North Natomas is exempt from an assignment of drainage cost, civic and school parcels are subject to the North Natomas Drainage Fee, and will pay towards the cost of drainage basin 8A if they develop. The North Natomas Nexus Study will need to be updated to reflect the total drainage costs, acres and units shown in Figure 3.

The allocation methodology provides a measurement of fair share benefit received by the different land use types of the drainage facilities to be constructed based on the current estimates of cost. When all the construction costs are known, the costs should be recalculated according to the fair share allocation methodology.

Figure 4 shows a comparison of allocated costs to each land use (and by Phase) with the funding sources available. Allocation of primary (drainage) costs is calculated in Figure 3, and allocation of secondary facility costs is calculated by percentage share of total taxable acreage in the CFD. Current identified secondary facility costs include \$2.0 million for improvements along Del Paso Road, and \$1.0 million for park improvements. Actual secondary facility costs may differ from current estimates when built. Single family residential, which makes up Phase I development, is allocated 80 percent of the identified secondary facilities cost. Multi-family and non-residential land uses, which comprise Phase II development, is allocated 20 percent of the identified secondary facilities cost.

Of the \$9.3 million total allocated cost for Phase I, an estimated \$7.2 million may be funded through CFD bond construction proceeds. The remaining portion, \$2.1 million may be privately funded. Phase II allocated development costs total \$3.4 million, of which the school and civic parcels' share is \$0.4 million. CFD bond construction proceeds are estimated \$1.6 million in Phase II, and the remaining allocated Phase II costs may be privately funded.

ESTIMATED EXPENSES AND FUNDING SOURCES

Figure 5 shows estimated total expenses for each construction Phase for primary and secondary facilities in the top portion of the table, and the sources of funding for costs in each Phase in the bottom portion of the table. Based on the estimate of total CFD bond construction proceeds, \$8.8 million of total costs may be funded through the CFD. Private expenditures of \$4.1 million are estimated for completion of Phase I construction.

A reimbursement from Phase II CFD construction proceeds reduces total private funding to approximately \$3.9 million, and an additional reimbursement of private funding from drainage fees paid by the school and civic parcels further reduces the total estimated private funding share of total costs to approximately \$3.5 million.

Figure 4
North Natomas Westlake CFD No. 2000-01
Comparison of Allocation of Costs with Funding Sources

Costs / Funding	Phase I S-F Residential	Phase II		Phase II Total	Total
		M-F & Non-Res.	School & Civic		
Allocated Share of Costs					
Primary Facilities (Drainage) Cost Allocation - Figure 3	\$6,875,244	\$2,435,535	\$410,222	\$2,845,756	\$9,721,000
Secondary Facilities Cost Allocation - by Acre [1]	\$2,402,364	\$597,636	\$0	\$597,636	\$3,000,000
Total Cost Allocation	\$9,277,608	\$3,033,170	\$410,222	\$3,443,392	\$12,721,000
Funding Sources					
CFD 2000-01	\$7,180,000	\$1,575,000	\$0	\$1,575,000	\$8,755,000
Private Funding	\$2,097,608	\$1,458,170	\$0	\$1,458,170	\$3,555,778
Drainage Fees	\$0	\$0	\$410,222	\$410,222	\$410,222
Total Funding Sources	\$9,277,608	\$3,033,170	\$410,222	\$3,443,392	\$12,721,000

"cost_alloc"

[1] Cost allocation for secondary facilities:

Land Use	Acres	Percentage of Acres	Total Cost Estimate
Single-Family Residential (Phase I)	182.90	80%	\$2,402,364
M-F and Non-Residential (Phase II)	45.50	20%	\$597,636
Total	228.40	100%	\$3,000,000

Figure 5
North Natomas Westlake CFD No. 2000-01
Estimated Expenditures by Phase and Source of Funding

	Phase I [3]	Phase II	Total
Expenditures			
Primary Facilities (Drainage)	\$8,306,000	\$1,415,000	\$9,721,000
Secondary Facilities	\$3,000,000	\$0	\$3,000,000
Total	\$11,306,000	\$1,415,000	\$12,721,000
Sources of Funding			
CFD 2000-01	\$7,180,000	\$1,575,000	\$8,755,000
Private Funding [1], [2]	\$4,126,000	(\$570,222)	\$3,555,778
Drainage Fees [2]	\$0	\$410,222	\$410,222
Total	\$11,306,000	\$1,415,000	\$12,721,000

"phase_costs"

- [1] Negative amount in Phase 2 represents a reimbursement from the CFD of \$160,000 for primary facilities cost expended in Phase I from private funding.
- [2] Drainage fees of \$410,222 used to reimburse private funding source for funding of school and civic share of drainage facilities expended in Phase I.
- [3] Phase I construction costs are greater than allocated share of costs to phase I shown in Figure 4 due to necessary oversizing of facilities to serve Phase II development when it occurs.

A summary of total construction costs financed by each financing source is summarized below:

• CFD 2000-01	\$8,755,000
• Private Funding	\$3,556,000
• Drainage Fees	\$ 410,000

If bond sales yield more bond proceeds than estimated in this Hearing Report, the share of total costs that are privately funded would be reduced.

SUMMARY OF CFD FINANCING

Total costs funded by construction proceeds through the sale of CFD bonds is summarized in Figure 6. Total bonding capacity is estimated at \$10.6 million, from which an estimated \$8.8 million may be yielded in construction proceeds. All of Phase I construction proceeds are anticipated to be used for Phase I construction of primary and secondary facilities. Total construction costs for Phase II is \$1.4 million. Phase II property is anticipated to yield approximately \$1.6 million in construction proceeds. The difference between construction costs and construction proceeds, approximately \$0.2 million, may be used to reimburse privately funded costs in Phase I.

STRUCTURE OF CFD FUNDING

Figures 4 through 6 assume that there are two bond issues. The first bond issue is supported by tax base (maximum special tax revenues) from single-family residential property, and the second bond issue is supported by tax base (maximum special tax revenues) from multi-family and non-residential property. If two series of bonds are issued, the Phase II properties will be initially classified as Non-Participating Parcels (defined in the Tax Formula), and will be Tax-Exempt. Non-Participating Parcels may be reclassified as Taxable Parcels and fund Phase II construction costs through the second sale of bonds, as described in this chapter. Description of Parcel classification and taxation status is detailed in Chapter IV.

The CFD may elect to issue only one series of bonds. The CFD could bond against and levy maximum special taxes on both residential and non-residential property, which would all be classified as Taxable Parcels within the CFD boundary. If one series of bonds is issued in this manner, construction costs that are greater than total construction proceeds yielded from the sale of bonds will be privately financed.

Alternatively, one series of bonds may be issued only against single-family residential property. Bond proceeds would be used to reimburse the allocated share of drainage facility costs for Phase I, and may reimburse the allocated share of secondary facility costs for Phase I, as shown on Figure 4. The homeowners paying the maximum special taxes would therefore be paying only their allocated share of total facility costs. Under this alternative, Phase II development costs would be privately financed. Multi-family and non-residential parcels would remain classified as Non-Participating Parcels, and continue to be Tax-Exempt until the Special Tax lien is extinguished. Figure 7 summarizes the three different funding scenarios.

Figure 6
North Natomas Westlake CFD No. 2000-01
Summary of CFD 2000-01 Financing

Total CFD Funded Costs	Phase I	Phase II	Total
Total Bonds	\$8,745,000	\$1,835,000	\$10,580,000
Total Construction Proceeds	\$7,180,000	\$1,575,000	\$8,755,000
Use of Construction Proceeds			
CFD 2000-01 Phase I - see Figure 5	\$7,180,000	\$0	\$7,180,000
CFD 2000-01 Phase II - see Figure 5	\$0	\$1,415,000	\$1,415,000
Reimbursement for Phase I privately funded costs	\$0	\$160,000	\$160,000
Total Use of Construction Proceeds	\$7,180,000	\$1,575,000	\$8,755,000

"cfd_costs"

Figure 7
North Natomas Westlake CFD No. 2000-01
Summary of CFD Funding Alternatives

Type of Funding	Phase I	Phase II	Total Costs
<u>Two Bond Issues</u>			
Total CFD 2000-01 Funding	\$7,180,000	\$1,575,000	\$8,755,000
Total Private Funding [1], [2]	\$4,126,000	(\$570,222)	\$3,555,778
School and Civic Funding [2]	\$0	\$410,222	\$410,222
Total Funding	\$11,306,000	\$1,415,000	\$12,721,000
<u>One Bond Issue - All Property Taxable</u>			
Total CFD 2000-01 Funding	\$8,755,000	\$0	\$8,755,000
Total Private Funding	\$2,551,000	\$1,004,778	\$3,555,778
School and Civic Funding [2]	\$0	\$410,222	\$410,222
Total Funding	\$11,306,000	\$1,415,000	\$12,721,000
<u>One Bond Issue - Single Family Residential Taxable</u>			
Total CFD 2000-01 Funding	\$7,180,000	\$0	\$7,180,000
Total Private Funding	\$4,126,000	\$1,004,778	\$5,130,778
School and Civic Funding [2]	\$0	\$410,222	\$410,222
Total Funding	\$11,306,000	\$1,415,000	\$12,721,000

"AIt's"

- [1] Negative amount in Phase 2 represents a reimbursement from the CFD of \$160,000 for primary facilities cost expended in Phase I from private funding.
- [2] Drainage fees of \$410,222 used to reimburse private funding source for funding of school and civic share of drainage facilities expended in Phase I.

Source: EPS and Stone & Youngberg.

IV. BOND ISSUES AND MAXIMUM SPECIAL TAXES

As discussed in Chapter III, CFD No. 2000-01 will fund approximately \$8.8 million of the total \$12.7 million (2000 \$'s) in estimated eligible facilities costs. This chapter discusses the facilities to be funded in CFD No. 2000-01, the proposed bond issues, and the calculation of the maximum annual cost. The list of eligible facilities that may be funded through CFD proceeds can be found in Exhibit B.

BOND ISSUES

As discussed in the last section Chapter III 'Structure of the CFD', there may be one or two bond issues. The first bond issue, anticipated in December 2000, may only be supported by Phase I property, which is the low density and medium density single family property, or it may also be supported by other and non-residential property (assuming no second bond issue). Assuming the former, estimated total bonds and bond proceeds available in the Construction and Acquisition Fund is shown in Figure 8. Phase I bonds and private funding will fund the construction of the ultimate drainage facility (detention storage/lake) that will serve the entire drainage shed area.

If the CFD elects to issue a second series of bonds, the second series would be supported by tax base (maximum special tax revenues) from multi-family and non-residential property, which will develop in Phase II. Estimated total bonds of \$1.8 million, and construction proceeds, \$1.6 million, is shown in Figure 9.

If one bond issue is issued against all property within the CFD, estimated total bonds of \$10.5 million, and bond proceeds of \$8.2 million is estimated by summing Figures 8 and 9.

BOND AUTHORIZATION

The bond authorization for CFD No. 2000-01 is \$15.0 million to provide a contingency for unanticipated costs, timing delays, and interest rate changes. This amount represents the maximum amount of bonds that can be issued by the CFD. Proceeds from bond sales will vary based upon the interest rate, bond issuance cost, and capitalized interest. The CFD's estimated bond proceeds are based on approximately 6 months of capitalized interest.

CALCULATION OF MAXIMUM ANNUAL COST

Principal and interest payments for the proposed bond issues will be funded through the collection of special taxes levied against the taxable property within the CFD.

The maximum annual costs funded by the special tax are comprised of three major components. The first component is the debt service on the bonds, which is the payment of interest and principal (at maturity of the bonds) to the bondholders. The second component is the annual cost of administering the CFD. The third component is a provision for tax

Figure 8
North Natomas Westlake CFD No. 2000-01
Estimate of CFD Proceeds for Phase I Property

Item	Taxable Land Use Categories								Total
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 5	Village 6	Medium Density	
Base Year Maximum Special Tax Unit or per Net Acre [3]	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	
Total Units	133	111	104	86	76	108	84		
Total Net Acres	19.1	31.6	26.5	17.6	15.6	25.0	17.5	30.0	182.9
Base Year Maximum Special Tax Revenue	\$82,460	\$128,760	\$105,040	\$61,920	\$69,920	\$99,360	\$69,720	\$108,000	\$725,180
Less Delinquency & Administration - 12.5% of net taxes	\$9,162	\$14,307	\$11,671	\$6,880	\$7,769	\$11,040	\$7,747	\$12,000	\$80,576
Base Year Net Taxes Available for Debt Service	\$73,298	\$114,453	\$93,369	\$55,040	\$62,151	\$88,320	\$61,973	\$96,000	\$644,604
Total Bonds Estimate [1]	\$994,391	\$1,552,726	\$1,266,685	\$746,698	\$843,171	\$1,198,190	\$840,759	\$1,302,380	\$8,745,000
Estimated Construction Proceeds [1]	\$816,436	\$1,274,851	\$1,040,000	\$613,069	\$692,277	\$983,762	\$690,297	\$1,069,307	\$7,180,000
Proceeds per Net Acre	\$42,745	\$40,343	\$39,245	\$34,785	\$44,447	\$39,350	\$39,446	\$35,644	

proceeds

[1] Estimated by Stone & Youngberg July 14, 2000.

Sources: Stone & Youngberg and EPS.

Figure 9
North Natomas Westlake CFD No. 2000-01
Estimate of CFD Proceeds for Phase II Property

Item	Land Use
	Other Residential & Non-Residential
Base Year Maximum Special Tax per Net Acre [3]	\$3,600
Total Units	
Total Net Acres	45.5
Base Year Maximum Special Tax Revenue	\$163,800
Less Delinquency & Administration - 12.5% of net taxes	\$18,200
Base Year Net Taxes Available for Debt Service	\$145,600
Total Bonds Estimate [1]	\$1,835,000
Estimated Construction Proceeds [1]	\$1,575,000
Proceeds per Net Acre	\$34,615

"proceeds2"

[1] Estimates based on run by Stone & Youngberg June 20, 2000.

Sources: Stone & Youngberg and EPS.

delinquencies. Because some taxpayers may not pay their tax bills promptly, the allowance for delinquencies has been included to ensure that adequate revenue will be collected from the special tax to provide the full amount necessary for debt service and administrative expenses.

Assuming two bond issues, Figure 10 shows the estimated amount of each of these components and the total estimated bond size for each bond issue. The estimated debt service for each bond issue is based on the underwriter's preliminary estimates of bond size. Maximum annual cost is estimated for the first bond issue for fiscal year ending 2002, which is the first year with full debt service payments from Phase I property. The maximum annual cost is approximately \$725,000 fiscal year ending 2002, and would increase by approximately 2 percent each year.

If a second series of bonds is issued against Phase II property, the estimated maximum annual cost is approximately \$885,000.

MAXIMUM SPECIAL TAXES

Special taxes will be collected from each Taxable Parcel on a per unit basis for residential land uses and per net acre for non-residential land uses. The tax levy must provide for payment of the annual cost in any year in which bonds are outstanding. In years when less than maximum revenues are needed, the tax levy will be less than the maximum authorized rates.

The maximum special taxes for single family residential uses have been set for each village within the project development area to account for different median lot sizes within each village. Villages with larger median lot sizes have a higher maximum special tax per unit than villages with smaller median lot sizes. For example, units in village 1 with a median lot size of 5,250 square feet have a maximum special tax of \$620 per unit in the base year. Units in villages 2 and 3 have median lot sizes of 8,800 square feet and 7,700 square feet, and maximum special taxes of \$1,160 and \$1,010 respectively. The maximum special tax rate for villages without a final subdivision map will be calculated by multiplying the maximum special tax rate for units within that village by total number of estimated units for that village.

Medium density residential special tax is \$3,600 per net acre. When detached residential units or condominiums are recorded, the maximum special tax rate per unit will be calculated by first calculating the maximum special tax revenue for the net acres of detached residential units or condominiums in the final map or master parcel map creating the units. Second, divide the maximum special tax revenues by the total number of units created in the map.

The maximum special tax is \$3,600 per net acre for multi-family and other non-residential land uses.

Figure 10
North Natomas Westlake CFD No. 2000-01
Estimated CFD No. 2000-01 Annual Costs

	Factor	2000 Bond Issue	2003 Bond Issue	Total Bond Issues
		2000 \$'s	[4] Inflated \$'s	Inflated \$'s
Total Bond Size [1]		\$8,745,000	\$2,034,000	\$10,779,000
Estimated Debt Service [2]		\$643,010	\$141,700	\$784,710
Estimated Administration Cost	2.5%	\$16,100	\$3,500	\$19,600
Subtotal (Debt Service & Admin.)		\$659,100	\$145,200	\$804,300
Initial Estimated Delinquency [3]	10.0%	\$65,900	\$14,500	\$80,400
Estimated Maximum Annual Cost (rounded)		(FY 01-02) \$725,000	(FY 03-04) \$159,700	\$884,700
Cumulative Maximum Annual Cost (rounded)		\$725,000	\$884,700	

"annual_costs"

[1] Based on Stone & Youngberg June 20 and July 14, 2000.

[2] Year 2000 Bond Issue estimated debt service for first full year of debt service fiscal year 2001-02.

[3] Estimated as ten percent of subtotal debt service and administration.

[4] Assumes annual inflation rate of 3.5%.

Bond Authorization	\$15,000,000
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TAXATION STATUS OF PARCELS

For Phase I development, Taxable Parcels are low-density residential parcels with an approved land use for single family detached residential dwelling units that lie within a residential village, and medium density residential parcels which are single family residential parcels designated as medium density by the City according the North Natomas Community Plan.

Non-Residential Parcels and Other Residential Parcels may be classified as Non-Participating Parcels during Phase I development if no bonds are sold against that property. In order for a second series of bonds to be issued for Phase II development, the property owners would be required to authorize the City to re-classify the Non-Participating Parcels as Taxable Parcels. If a second series of bonds is not sold, these parcels may be permanently classified as Tax-Exempt.

Public Parcels

Public Parcels that are normally exempt from the levy of general ad valorem property taxes under California law, such as schools, parks, civic uses, and drainage basins or lakes, are exempt from the levy of special taxes. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the special tax.

DEBT SERVICE COVERAGE

Based on the assumption that properties in Westlake are on the tax roll for fiscal year ending 2001, Phase I bonds were estimated with approximately 6 months of capitalized, although there may be no capitalized interest when the bonds are sized for sale. The first debt service payment would be due March 2001. The first full year of debt service payment is anticipated to be fiscal year ending 2002. Figure 11 shows special tax coverage for Phase I bond sale assuming only single family residential property is taxable, is 115 percent in fiscal year 2001-02.

A second series of bonds issued against Phase II property would require an additional bonds test to meet a debt service coverage of at least 115 percent.

Figure 11
North Natomas Westlake CFD No. 2000-01
Special Tax Coverage for Phase I Bond Sale
First Year of Full Debt Service Payments Due

	FY 01-02
Phase I Bonds - Escalating Debt Service [1]	\$8,745,000
Estimated Debt Service on Phase I Bonds [1]	\$643,010
Estimated Maximum Special Tax	
Village 1	\$84,109
Village 2	\$131,335
Village 3	\$107,141
Village 4A	\$63,158
Village 4B	\$71,318
Village 5	\$101,347
Village 6	\$71,114
Medium Density	\$110,160
Total Maximum Special Tax	\$739,684
Maximum Special Tax Less Debt Service	\$96,674
Debt Service Coverage Phase I	115%

"cov"

Note: A Phase II bond issue would require an additional bonds test to meet a debt service coverage of at least 115%.

V. STRUCTURE OF THE PROPOSED CFD

DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT

Parcels within North Natomas CFD No. 2000-01 will pay special taxes based upon the Rate, Method of Apportionment, and Manner of Collection of Special Tax (the "Tax Formula"). The attached exhibits contain the formation documents for CFD No. 2000-01. **Exhibit A** contains the Tax Formula, **Exhibit B** is the list of eligible facilities to be constructed or acquired by the CFD, and **Exhibit C** provides the CFD boundary map. The purpose of the CFD is to provide funding for the construction or acquisition of a portion of the costs of eligible CFD No. 2000-01 facilities.

DEFINITION OF ANNUAL COSTS

Each spring, the City will approve the costs of CFD No. 2000-01 for the upcoming fiscal year. The annual costs will include the following items:

- Debt service on the Special Tax Bonds;
- Replenishment of the Bond Reserve Fund;
- Anticipated Tax Delinquencies;
- Administration of the CFD; and,
- Eligible Pay-As-You-Go Expenditures.

The costs funded by the levy of the special tax will be determined by adding the cost of the above items and subtracting other available revenues, such as reimbursement payments, funds available from prepaid special taxes, as specified in Section 7 of the Tax Formula; or receipts of delinquent special taxes from previous years. The City will then apply the special tax formula to determine the Tax Formula for each parcel.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The City shall prepare a list of the parcels subject to the Special Tax using the records of the City of Sacramento and the County Assessor. The City will tax all parcels within the CFD except Tax-Exempt Parcels and parcels that have prepaid their special tax obligation as described in Section 6 of the Tax Formula. Taxable parcels that are acquired by a public agency after the CFD is formed will remain subject to the special tax unless a "trade" resulting in no loss of tax revenue can be made as described in Section 4 of the Tax Formula.

TERMINATION OF THE SPECIAL TAX

The special tax will be levied and collected for as long as needed to pay the principal and interest on debt and other costs incurred in order to construct the authorized facilities and to pay the annual costs. However, in no event shall the special tax be levied on any parcel in the CFD after Fiscal Year 2029-30.

When all annual costs incurred by the CFD have been paid, the special tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

ASSIGNMENT OF MAXIMUM SPECIAL TAX

Section 4 of the Tax Formula describes in detail the precise method for assigning the maximum special tax to all taxable parcels within the CFD. The following section briefly summarizes these procedures.

Each year the administrator will use the definitions contained in the Tax Formula to classify each parcel as a tax-exempt parcel or a taxable parcel. Tax-exempt parcels include public parcels, certain non-developable privately owned parcels, and non-participating parcels as defined in the Tax Formula. These parcels may be reclassified as taxable parcels following Sections 4.C., and 4.E of the Tax Formula.

Each taxable parcel will be further classified as a low-density residential parcel, medium-density residential parcel, other residential parcel, or non-residential parcel. Each low-density residential parcel shall then be identified according to the residential village it is located in.

After classifying the parcels, the administrator will assign the maximum annual tax using the maximum special tax rates for each parcel based upon its classification. The maximum annual tax shall not exceed the rates per unit or net acre shown in Figure 12 for base year 2000-01, and thereafter adjusted by 2 percent inflation annually.

SETTING THE SPECIAL TAX LEVY FOR TAXABLE PARCELS

After computing the annual costs and determining the maximum annual special tax for each parcel, the City will determine the tax levy for each parcel. To determine the annual levy, the City will use the process presented in Section 5 of the Tax Formula. That can be summarized as follows.

- First, the City determines the annual cost for the upcoming fiscal year.

Figure 12
North Natomas Westlake CFD No. 2000-01
Base Year Estimated Maximum Special Tax Revenue

Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Base Year Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.10	133	5,250	\$620 per unit	\$82,460
Village 2	31.60	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.50	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.62	86	5,775	\$720 per unit	\$61,920
Village 4B	15.58	76	6,825	\$920 per unit	\$69,920
Village 5	25.00	108	6,825	\$920 per unit	\$99,360
Village 6	17.50	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.90	702			\$617,180
Medium Density Residential	30.50	219		\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.50			\$3,600 per net acre	\$163,800
TOTAL	228.90	921			\$890,780

"special_tax_revenue"

- The City will calculate the special tax revenue generated by taxing each taxable parcel at its maximum special tax rate. If the special tax revenue is greater than the annual cost, the tax will be reduced proportionately until the total special tax revenue equals the total annual costs.

PREPAYMENT OF THE SPECIAL TAX OBLIGATION

Landowners may permanently satisfy the entire special tax obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The City determines that the prepayment does not jeopardize the ability to make timely payments of debt service on outstanding bonds.
- Any landowner who wishes to exercise the right to a prepayment for a parcel must pay any and all delinquent special taxes attributable to that parcel.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the fiscal year beginning July 1.

The prepayment amount shall be established by the following procedures described in Section 6 of the Tax Formula. A property may satisfy its tax obligation by paying its fair share of the improvements prior to bond sale. If bonds have already been sold, parcels wishing to prepay must prepay their share of outstanding bonds.

The base prepayment amount will vary each year depending upon whether or not bonds have been issued and whether any bonds have been redeemed. The base prepayment amount will be recalculated with each bond issue and on an annual basis at the time that the CFD's annual report is prepared.

MANNER OF COLLECTION

The special tax will be collected in the same manner and at the same time as *ad valorem* property taxes. Alternatively, the City's may bill the special taxes directly to property owners.

VI. FEASIBILITY ANALYSIS

The feasibility of the financing plan will be evaluated in two ways: a 2 percent tax burden test and by value to lien ratios.

TWO PERCENT TAX BURDEN TEST

An industry guideline is the principle that the total taxes on a developed residential unit should not exceed 2 percent of the value of the property. Proposition 13 limited general property tax to 1 percent of the value of the property. Based on the 2 percent rule, other bonded debt, special assessments and other special taxes should not exceed 1 percent of the value of the property.

Figure 13 sums the ad valorem property taxes, special taxes/assessments for infrastructure and special taxes/assessments for services for homes in villages 1 and 2. With the addition of CFD No. 2000-01 maximum special taxes, the total burden is approximately 1.62 percent for the smaller median size lots, and 1.65 percent for the larger median size lots. Thus the proposed special taxes are within the 2 percent guideline.

VALUE TO LIEN

As a rule of thumb, in order for bonds to be issued, the value of the land, with the proposed infrastructure improvements, should be at least three times the par value of all bonds outstanding in the territory of the CFD. Based on the preliminary bond sale schedule in **Chapter IV**, if the first bond sale for CFD No. 2000-01 bonds is issued against Phase I property only, total bonds sold would be approximately \$7.5 million.

In addition to CFD No. 2000-01 bond debt, bond debt is also associated with the property for the area-wide Drainage CFD No. 97-01, and Sacramento Area Flood Agency (SAFCA) Assessment Districts 1 and 2. **Figure 14** estimates the CFD 97-01 and SAFCA bond debt at approximately \$0.6 million. With the addition of CFD No. 2000-01 bond debt, CFD 97-01 bond debt, and SAFCA bond debt, the appraised value would need to be at approximately \$28.1 million to issue the first Phase of bonds against Phase I property. An appraisal will be required within 60 days of each bond sale to validate the actual value to lien ratio.

Figure 13
North Natomas Westlake CFD No. 2000-01
Analysis of Taxes as a Percent of Sales Price

	Example Village 1	Example Village 2	Existing/ Proposed
School District Tax Rate Area	Natomas USD	Natomas USD	
Estimated Housing Price of Typical Unit	\$200,000	\$300,000	
Existing and Proposed Taxes & Assessments [1]			
Ad Valorem Special Taxes			
General Property Tax (1.00%) [1]	\$1,930	\$2,930	Existing
Natomas USD G.O. Bond FY 2000-2001 [2]	\$306	\$464	Existing
Regional Sanitation	\$23	\$35	Existing
Subtotal Ad Valorem Taxes	\$2,259	\$3,430	
Special Assessments/Taxes for Infrastructure			
SAFCA A.D. #2	\$99	\$99	Existing
North Natomas CFD No. 1997-01 Special Tax	\$66	\$66	Existing
Westlake CFD No. 2000-01 Special Tax	\$620	\$1,160	Proposed
Subtotal	\$785	\$1,325	
Special Assessments/Taxes for Services [3]			
Additional Library Services	\$22	\$22	Existing
Citywide Landscaping & Lighting District	\$55	\$55	Existing
North Natomas Landscape CFD #3	\$54	\$54	Existing
Neighborhood Landscaping District CFD No. 99-02 [4]	\$0	\$0	Existing
North Natomas TMA CFD No. 99-01	\$18	\$18	Existing
SAFCA A.D. #1	\$18	\$18	Existing
RD-1000	\$25	\$25	Existing
Subtotal	\$192	\$192	
Subtotal Assessments & Special Taxes	\$977	\$1,517	
TOTAL	\$3,236	\$4,947	
Taxes & Assessments as % of Sales Price	1.62%	1.65%	

"burden"

[1] Property tax based on 1% of home price including \$7,000 property tax exemption.

[2] Based on \$1.585 per \$1,000 A.V. for 2000-2001. Rate will decline over time as assessed value increases compared to debt service.

[3] Does not include any homeowner's association dues which may be applicable or other potential CFDs to be established for infrastructure purpose (including schools).

[4] Landscape and lake maintenance services will be provided by a homeowners association. In the event that the homeowners association fails to provide adequate services, the City may continue those services by levying a tax of \$70 per unit for landscape maintenance and \$40 per unit for lake maintenance.

Figure 14
North Natomas Westlake CFD No. 2000-01
Estimated Total Liens on Phase I Property

Lien	Phase I Property
North Natomas CFD 97-01	\$614,868
SAFCA A.D. #1	\$3,674
SAFCA A.D. #2	\$6,309
Estimated Phase I CFD No. 2000-01	\$8,745,000
Total Lien Phase I Property	\$9,369,852
Required Appraised Value for Value to Lien Ratio 3:1	\$28,109,556

"ratio"

Sources: CFD 97-01 Official Statements and Annual Report for Fiscal Year 99-00, and the City of Sacramento.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

EXHIBITS

EXHIBIT A: RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX

EXHIBIT B: LIST OF ELIGIBLE FACILITIES

EXHIBIT C: BOUNDARY MAP



Economic &
Planning Systems

Public Finance

Real Estate Economics

Regional Economics

Land Use Policy

EXHIBIT A:

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Exhibit A

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the City of Sacramento (the "City") North Natomas Westlake Community Facilities District No. 2000-01 (the "CFD") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Anticipated Construction Proceeds" means \$8,800,000 from issuance of bonds.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year; (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD, less any credit from earnings on the bond reserve fund, less any reimbursements, and/or less any grants/other project funding.

"Assessor" means the Assessor of the County of Sacramento.

"Authorized Facilities" means those improvements, as listed in the Resolution forming the CFD.

"Base Year" means Fiscal Year 2000-2001.

"Benefit Share" means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01.

"City" means City of Sacramento, California.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Sacramento, California.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest payable for any bonds or notes of the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year.

"Development Year" means the Fiscal Year in which the Parcel changes classification from Master Parcel Map to Final Subdivision Map Parcel.

"Estimated Net Acreage" means the actual Net Acreage of a Parcel or an approximation of the Net Acreage by the City based upon the total gross developable acres less an allowance for minor streets of a Parcel as indicated in the North Natomas Community Plan.

"Final Subdivision Map" means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Individual Lot" means a buildable area of land created by a final subdivision map for the purpose of building a single-family residential dwelling unit.

"Low-Density Residential Parcel" means a Taxable Parcel with an approved land use for a single-family-detached residential dwelling unit that lies within a specific Residential Village as shown on Map 1.

"Master Parcel Map" means a map that subdivides large tracts of land into smaller Parcels for the purpose of selling or otherwise transferring the Parcels for further subdivision in accordance with City procedures, or for the purpose of securing financing, together with

planning and construction of infrastructure elements, but not for the purpose of creating either individual residential lots for sale to end-user homeowners, and not for the purpose of allowing construction or other improvements on Non-Residential Parcels.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres or units of the Taxable Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in Attachment 1 for a given Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

"Maximum Annual CFD Revenue" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD.

"Medium-Density Residential Parcel" means a single family residential Parcel on Map 1 designated as medium density by the City according the North Natomas Community Plan.

"Net Acre" is the area of a Parcel associated with residential and non-residential uses after dedication of all public uses and rights-of-way.

"Non-Participating Parcel" is a Non-Residential Parcel or Other Residential Parcel which has not received written authorization from the property owner to be taxed, and has not had bonds issued against the property. Any such Parcel shall be a Tax-Exempt Parcel. Any Non-Participating Parcel which subsequently becomes Taxable must be reclassified as a Non-Residential Parcel or Other Residential Parcel. Once the Non-Participating Parcel has been reclassified as a Taxable Parcel, it cannot revert to Non-Participating Parcel status. The property owner may also request that a Non-Participating Parcel be permanently classified Tax-Exempt, provided the property has paid its share of backbone infrastructure privately.

"Non-Residential Parcel" means a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use as defined in the North Natomas Community Plan.

"Other Residential Parcel" means a Taxable Parcel with an approved land use for other than Low-Density Residential Parcel or Medium Density Residential Parcel, such as three or more attached residential units owned in common. If Low Density or Medium-Density Residential Parcels are created that are not consistent with the village shown in Map 1, these Parcels will be classified as Other Residential Parcels.

"Outstanding Bonds" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Prepayment" means the permanent satisfaction of the entire Special Tax obligation for one or more Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6. Prepayment may occur before or after the initial bond sale, with differing criteria.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned as designated by the City that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways including drainage basins, lakes, public landscaping, wetlands, greenbelts, and public open space. These Parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel, except for Taxable Parcels that are acquired by a public agency, in which case the Special Tax obligation for such Parcels shall be required to be permanently satisfied pursuant to Sections 53317.3 and 53317.5 of the Government Code by the procedure described in Section 6.

"Remaining Facility Cost Share" means the Total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Residential Village" means a designated geographic area within the Master Parcel Map containing residential development. The village designations are either Village 1, Village 2, Village 3, Village 4A, Village 4B, Village 5, or Village 6, as shown on Map 1.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act.

"Tax Collection Schedule" means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) Prepayment Parcels, (iii) Non-Participating Parcels, and (iv) Parcels that are open space, recreation, clubhouse etc, owned by a Condominium or Home Owners Association. Certain non-developable privately owned Parcels may also be exempt from the levy of Special Taxes as determined by the City such as common areas, wetlands, and open space.

"Tentative Subdivision Map" means a tentative subdivision map defined under the California Subdivision Map Act and Title 40 of the Sacramento City Code.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

3. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied on and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund Authorized Facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2029-30.

When all of the bonds issued to pay for Authorized Facilities have been retired, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

4. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

A. Classification of Parcels. By May 1 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel to be further classified as a Low-Density Residential Parcel, Medium-Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel.
3. Each Low-Density Residential Parcel to be identified according to its Residential Village.

B. Assignment of Maximum Annual Special Tax. The City shall assign the appropriate Maximum Annual Special Tax to each Taxable Parcel as follows:

1. Low-Density Residential Parcels (identified on Map 1)

For Low-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to Final Subdivision Map - If a Final Subdivision Map has not been recorded showing final Parcel splits for a Residential Village, a Maximum Annual Special Tax will be assigned for the Residential Village by multiplying the number of units shown on **Attachment 2** by the Maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

If only a portion of a Residential Village has a Final Subdivision Map, assign that portion the Maximum Annual Special Tax as described in 4.B.1.b below. The portion without a Final Subdivision Map shall be assigned a Maximum Annual Special Tax calculated by taking the total units shown for the Residential Village on **Attachment 2** minus the units created by the Final Subdivision Map, multiplied by the Maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

- b) Following Final Subdivision Map --The Maximum Annual Special Tax Rate for a Low-Density Residential Parcel within a Residential Village is shown on **Attachment 1**.

2. Medium-Density Residential Parcels

For Medium-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to subdivision into Individual Lots--Calculate the Maximum Annual Special Tax Revenue by multiplying the Net Acres for the Medium-Density Residential Parcel by the Maximum Annual Special Tax per acre shown on **Attachment 1**.
- b) Following subdivision into Individual Lots--Divide the Maximum Annual Special Tax from a) above by the total number of Individual Lots created in the Final Subdivision Map or Master Parcel Map to arrive at the Maximum Annual Special Tax per Individual Lot.

3. Other Residential and Non-Residential Parcels

Calculate the Maximum Annual Special Tax for Other Residential Parcels, and Non-Residential Parcels by multiplying the Maximum Annual Special Tax per Net Acre, as shown on **Attachment 1**, by the Net Acres for the Parcel. Other Residential Parcels that are created as condominiums or Individual Lots will have the Maximum Annual Special Tax per Parcel calculated according the procedures in 4.a. and 4.b. above.

- C. Conversion of a Public Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special

Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to Section 4.A and Section 4.B above.

- D. Taxable Parcels Acquired by a Public Agency — A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.
- E. Reclassification of a Non-Participating Parcel from Tax-Exempt status to Taxable status. Once the property owner has given written authorization for the property to be taxed, the Parcel must be reclassified as a Taxable Parcel, either as a Non-Residential Parcel, or as an Other Residential Parcel. The Maximum Annual Special Tax for such a Parcel shall be assigned according to 4.A and 4.B above.

5. CALCULATING ANNUAL SPECIAL TAX LEVY

The City shall compute the Annual Costs for each land use category, and determine the Maximum Annual Special Tax for each Parcel based on the assignment in the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Maximum CFD Revenue by taxing each Taxable Parcel at 100% of its Maximum Annual Special Tax (**Attachment 2** shows the estimated maximum special tax revenues at buildout based on the Base Year tax rates). If revenues are greater than the Annual Costs, reduce the tax proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may permanently satisfy the Special Tax obligation for one or more Parcels. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax liability for one or more Parcels.

Prepayment is permitted only under the following conditions:

- The City determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the Fiscal Year beginning July 1.

The total Prepayment amount will include the Parcel's proportionate share of all estimated costs necessary to construct the Authorized Facilities (the "base Prepayment amount") plus any additional administrative and financing costs necessary to redeem bonds and calculate the Prepayment. These calculations are described below.

CALCULATE PREPAYMENT AMOUNT

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.
- Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.
- Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

- Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.
- Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.
- Step B.3: Determine the share of facilities already funded by Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)
- Step B.5: Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

7. RECORDS MAINTAINED FOR THE CFD

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- the current Parcel Number,
- the Residential Village in which a Low-Density Residential Parcel lies,
- the Parcel acreage (gross, gross developable or net),
- the Maximum Annual Special Taxes which applied in each Fiscal Year,
- the authorized Special Taxes levied in each Fiscal Year; and
- the Development Year.

The file containing the information listed above will be available for public inspection.

8. 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 will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies

that the tax should be modified or changed, 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.

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

Attachment 1
North Natomas Westlake CFD No. 2000-01
Maximum Special Taxes

Fiscal Year Ending	Low-Density Residential							Medium-Density Residential	Other Residential Non-Residential
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 5	Village 6	[1] Per net acre	Per net acre
				<i>Per unit</i>					
2001	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	\$3,600
2002	\$632	\$1,183	\$1,030	\$734	\$938	\$938	\$847	\$3,672	\$3,672
2003	\$645	\$1,207	\$1,051	\$749	\$957	\$957	\$864	\$3,745	\$3,745
2004	\$658	\$1,231	\$1,072	\$764	\$976	\$976	\$881	\$3,820	\$3,820
2005	\$671	\$1,256	\$1,093	\$779	\$996	\$996	\$898	\$3,897	\$3,897
2006	\$685	\$1,281	\$1,115	\$795	\$1,016	\$1,016	\$916	\$3,975	\$3,975
2007	\$698	\$1,306	\$1,137	\$811	\$1,036	\$1,036	\$935	\$4,054	\$4,054
2008	\$712	\$1,332	\$1,160	\$827	\$1,057	\$1,057	\$953	\$4,135	\$4,135
2009	\$726	\$1,359	\$1,183	\$844	\$1,078	\$1,078	\$972	\$4,218	\$4,218
2010	\$741	\$1,386	\$1,207	\$860	\$1,099	\$1,099	\$992	\$4,302	\$4,302
2011	\$756	\$1,414	\$1,231	\$878	\$1,121	\$1,121	\$1,012	\$4,388	\$4,388
2012	\$771	\$1,442	\$1,256	\$895	\$1,144	\$1,144	\$1,032	\$4,476	\$4,476
2013	\$786	\$1,471	\$1,281	\$913	\$1,167	\$1,167	\$1,053	\$4,566	\$4,566
2014	\$802	\$1,501	\$1,307	\$931	\$1,190	\$1,190	\$1,074	\$4,657	\$4,657
2015	\$818	\$1,531	\$1,333	\$950	\$1,214	\$1,214	\$1,095	\$4,750	\$4,750
2016	\$834	\$1,561	\$1,359	\$969	\$1,238	\$1,238	\$1,117	\$4,845	\$4,845
2017	\$851	\$1,592	\$1,387	\$988	\$1,263	\$1,263	\$1,139	\$4,942	\$4,942
2018	\$868	\$1,624	\$1,414	\$1,008	\$1,288	\$1,288	\$1,162	\$5,041	\$5,041
2019	\$886	\$1,657	\$1,443	\$1,028	\$1,314	\$1,314	\$1,185	\$5,142	\$5,142
2020	\$903	\$1,690	\$1,471	\$1,049	\$1,340	\$1,340	\$1,209	\$5,245	\$5,245
2021	\$921	\$1,724	\$1,501	\$1,070	\$1,367	\$1,367	\$1,233	\$5,349	\$5,349
2022	\$940	\$1,758	\$1,531	\$1,091	\$1,394	\$1,394	\$1,258	\$5,456	\$5,456
2023	\$959	\$1,793	\$1,561	\$1,113	\$1,422	\$1,422	\$1,283	\$5,566	\$5,566
2024	\$978	\$1,829	\$1,593	\$1,135	\$1,451	\$1,451	\$1,309	\$5,677	\$5,677
2025	\$997	\$1,866	\$1,625	\$1,158	\$1,480	\$1,480	\$1,335	\$5,790	\$5,790
2026	\$1,017	\$1,903	\$1,657	\$1,181	\$1,509	\$1,509	\$1,362	\$5,906	\$5,906
2027	\$1,038	\$1,941	\$1,690	\$1,205	\$1,540	\$1,540	\$1,389	\$6,024	\$6,024
2028	\$1,058	\$1,980	\$1,724	\$1,229	\$1,570	\$1,570	\$1,417	\$6,145	\$6,145
2029	\$1,079	\$2,020	\$1,758	\$1,254	\$1,602	\$1,602	\$1,445	\$6,268	\$6,268
2030	\$1,101	\$2,060	\$1,794	\$1,279	\$1,634	\$1,634	\$1,474	\$6,393	\$6,393

[1] Medium-Density Residential Maximum Annual Special Taxes per unit are determined when a Parcel records a Final Subdivision Map.

Note: Tax Rates are escalated annually at 2%.

Attachment 2
North Natomas Westlake CFD No. 2000-01
Base Year Estimated Maximum Special Tax Revenue

Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.10	133	5,250	\$620 per unit	\$82,460
Village 2	31.60	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.50	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.62	86	5,775	\$720 per unit	\$61,920
Village 4B	15.58	76	6,825	\$920 per unit	\$69,920
Village 5	25.00	108	6,825	\$920 per unit	\$99,360
Village 6	17.50	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.90	702			\$617,180
Medium Density Residential	30.50			\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.50			\$3,600 per net acre	\$163,800
TOTAL	228.90	702			\$890,780

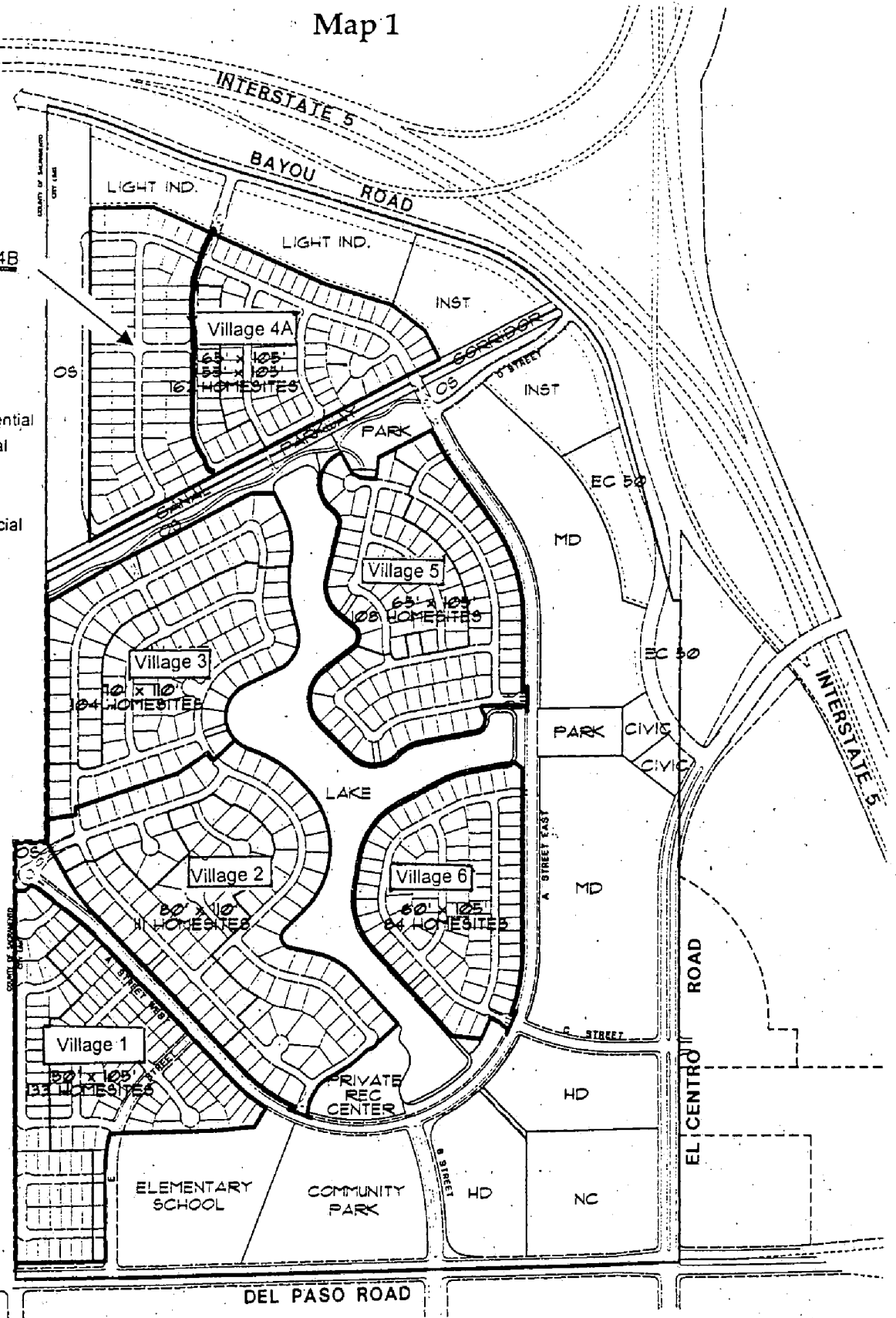
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Map 1

Zoning Code

OS	Open Space
LIGHT IND	Light Industrial
MD	Medium Density Residential
HD	High Density Residential
EC 50	Employment Center 50 employees per acre
NC	Neighborhood Commercial
INST	Institutional

Village 4B



June, 2000

A-13





Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

EXHIBIT B

LIST OF ELIGIBLE FACILITIES

Exhibit B

City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01 (Sacramento, California)

List of Eligible Facilities

The authorized costs of the eligible facilities include all those set forth in Section 53345.3 of the Act, and all costs necessary to administer any Debt, collect and administer the special taxes, and administer the Agency. The special taxes may be levied not only to pay current debt service on outstanding Debt, but also to accumulate funds for future debt service, to pay amounts delinquent on the Debt (or to become delinquent based upon past special tax delinquencies), to replenish the reserve fund to its proper level (or to reimburse payments to be made from the reserve fund based upon past special tax delinquencies), to pay authorized costs, to pay directly for any authorized facilities or to accumulate funds for that purpose. Special tax proceeds may be accumulated to pay debt service on Debt so long as such proceeds are handled in such a fashion as not to cause the Debt to become arbitrage bonds under the Tax Reform Act of 1986.

The following list of eligible facilities is classified into two groups, Primary Facilities, and Secondary Facilities. Funding for Secondary Facilities may only be authorized with remaining proceeds of the CFD after Primary Facilities have been constructed, paid for and accepted fully by the City or project is substantially complete and sufficient security exists to the satisfaction of the City in accordance with the Acquisition Agreement.

The list of secondary facilities includes facilities that are to be funded by fee programs such as the Public Facilities Fee Program ("PFF") and the Citywide Park Fee Program ("CPFP") through which the property owners constructing the facilities will receive full reimbursement by way of fee credits or cash reimbursements for the actual eligible costs of construction. Where actual eligible costs of a facility are funded through fee credits or cash reimbursements from a fee program, including the PFF, no further reimbursement shall occur through the CFD.

The CFD may finance all or a portion of fees to be paid to the City pursuant to fee programs; the City will, in turn, use the proceeds from such fees to construct the subject secondary facility, e.g., Westlake Park. If the property owner constructs the facility otherwise to have been funded by the fee program, the fee program will reimburse the property owner for the cost of construction.

If the CFD finances all or a portion of the fees to be paid to a fee program, the city will acknowledge payment of such fees by appropriate written document.

Secondary Facilities which are not included for funding in any fee program, which includes reimbursement (cash or through credit mechanisms), may be funded with bond proceeds.

Primary Facilities eligible to be financed with proceeds from the CFD (not listed in any specific order):

- A. Excavation of the detention facility / lake. Construction of the detention facility / lake including clay liner, lake access ramps, and other necessary appurtenances. Construction of outfalls defined in the Master Drainage Plan for Westlake, including drainage pipes, manholes, junction box, cutoff walls, and other necessary appurtenances. Construction of drainage outlets including drainage pipes, manholes, junction box, headwalls, erosion control, and any other necessary appurtenances. Dewatering and measures to control groundwater during both construction and operation of the facilities. Land acquisition for the detention facility / lake, as determined by the appraisal for the lake. Habitat Conservation (HCP) fees for construction of the detention facility / lake. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.
- B. Trunk drain pipes and other appurtenances defined as common drainage facilities in the Westlake Master Drainage Plan for conveyance of storm drainage to the detention facility / lake, including manholes. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for the above listed facilities.

Secondary Facilities eligible to be financed with remaining proceeds of the CFD (not listed in any specific order):

- A. Construction of sanitary sewer trunk and interceptor lines, including pipes, manholes, and all necessary appurtenances.
- B. Construction of Del Paso Road from El Centro Road to the westerly property boundary (city limits) of the project and other major roads that are eligible for funding under the 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 include clearing, grading, installing asphalt concrete with aggregate base, raised center median, median landscaping where appropriate, storm drainage facilities, street signs, street lights, widening at intersections, traffic signals, corridor landscaping and sound walls, major utility conduits, utility conduit crossings, right-of-way acquisition, and all necessary appurtenances to the mentioned roads.
- C. Neighborhood and community park landscaping, equipment, and facilities.

- D. Landscaping and soundwalls in landscape corridors, streetlights, and entryway signs and monuments in entryways along Del Paso Road.
- E. Public dry utilities (electric, telephone, natural gas, and CATV).
- F. Habitat Conservation (HCP) fees required for construction of additional secondary facilities.
- G. Development Impact Fees, the proceeds of which will be used to finance Eligible Facilities, including but not limited to, North Natomas Public Facilities Fees and Citywide Park Facilities Fees.
- H. Engineering, construction staking, construction management, plan check and inspection, administrative costs, and City legal costs for additional secondary facilities.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

EXHIBIT C: BOUNDARY MAP

INTERSTATE 5

PROPOSED BOUNDARIES OF CITY OF SACRAMENTO NORTH NATOMAS

WESTLAKE COMMUNITY FACILITIES DISTRICT No. 2000-01
SACRAMENTO, CALIFORNIA

SHEET 1 OF 1 SHEETS

CLERK'S MAP FILING STATEMENT

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
THIS _____ DAY OF _____, 2000.

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE

I HEREBY CERTIFY THAT THE MAP SHOWING PROPOSED BOUNDARIES
OF WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01, CITY
OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA,
WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO
AT A MEETING THEREOF HELD ON THE _____ DAY OF _____
2000 BY IT'S RESOLUTION NO. _____

CITY CLERK, CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT

FILED THIS _____ DAY OF _____, 2000 AT THE HOUR
OF _____ M., IN BOOK _____ OF MAPS OF ASSESSMENT,
DISTRICTS AND COMMUNITY FACILITIES DISTRICTS AT PAGE
IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SACRAMENTO, STATE
SACRAMENTO, CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF
SACRAMENTO, CALIFORNIA

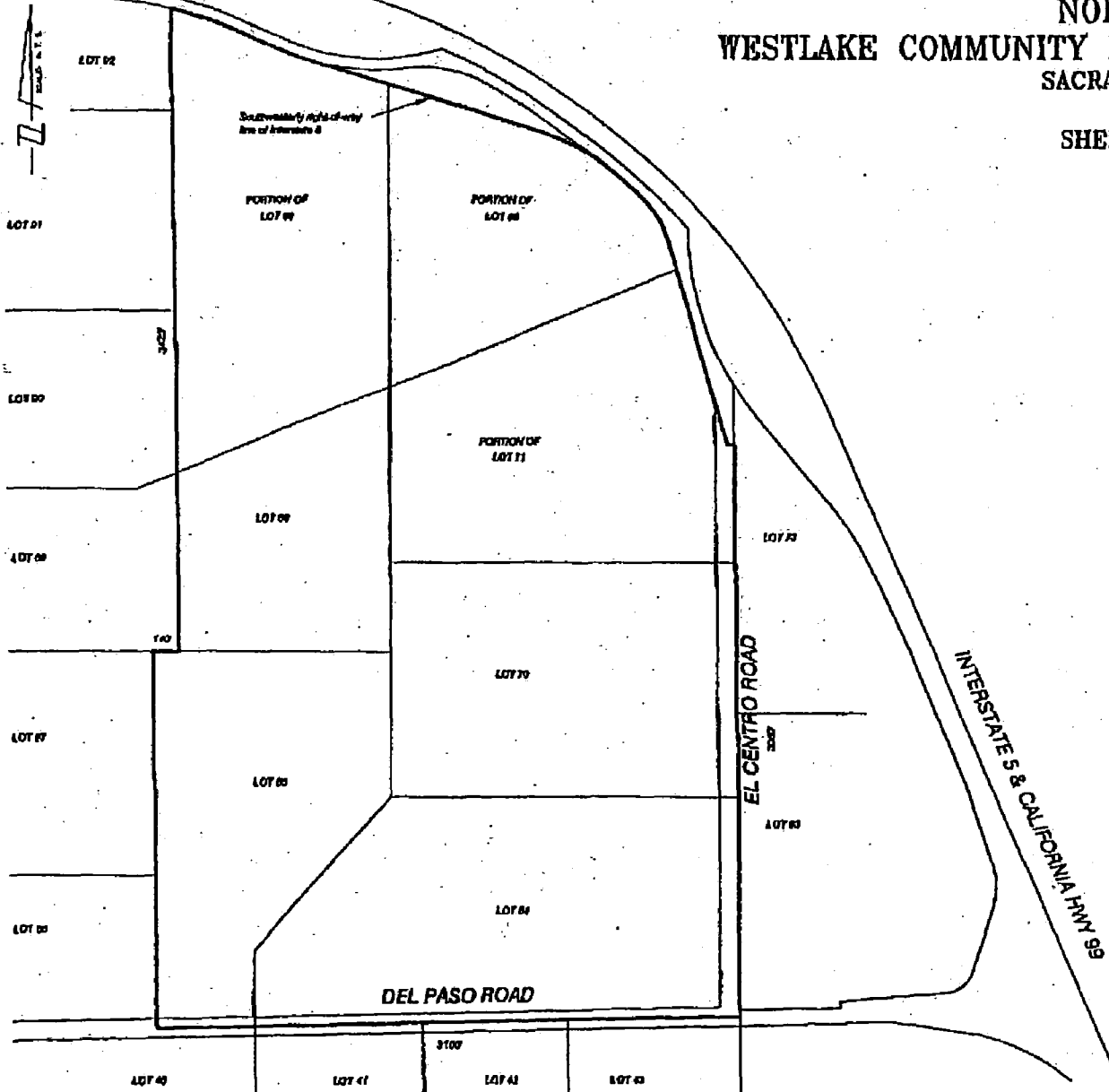
LEGEND

————— DISTRICT BOUNDARY

Exhibit C

The Spink Corporation

A VENTURE-DRIVEN COMPANY



C-1

MEMORANDUM OF PROCEEDINGS
TO BE CONSIDERED BY
THE CITY COUNCIL OF THE CITY OF SACRAMENTO
ON TUESDAY, OCTOBER 31, 2000,
IN CONNECTION WITH THE
CITY OF SACRAMENTO NORTH NATOMAS
WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01

On June 27, 2000, the City Council of the City of Sacramento initiated proceedings for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ("CFD No. 2000-01") by adopting its Resolution of Intention to Establish a Community Facilities District and to Levy a Special Tax to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for such Community Facilities District and a Resolution Declaring its Intention to Incur a Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for CFD No. 2000-01, and setting the public hearings for Thursday, August 3, 2000.

The public hearings had been continued by the City Council from August 3, 2000, to August 22, 2000, to September 5, 2000, to September 19, 2000, to September 26, 2000, to October 17, 2000 and to October 24, 2000, due to the complexity of the proposed district.

On October 24, 2000, at the time and place as previously notified, the City Council opened the public hearing and heard all persons who wished to be heard, and at the close of the public hearing, the City Council found that there was no majority protest and continued the matter to October 31, 2000.

The following are on file with the City Clerk:

- a. A copy of the recorded Boundary Map of CFD No. 2000-01;
- b. An Affidavit of Recording Boundary Map signed by the City Clerk;
- c. An Affidavit of Compliance with Requirement for Publishing Notice of Public Hearing on Resolution of Intention to Establish CFD No. 2000-01 signed by the City Clerk;
- d. An Affidavit of Compliance with Requirement for Mailing Notice of Public Hearing on Resolution of Intention to Establish CFD No. 2000-01 signed by the City Clerk;
- e. An Affidavit of Compliance with Requirement for Publishing Notice of Public Hearing of Resolution of Intention to Incur a Bonded Indebtedness for CFD No. 2000-01 signed by the City Clerk; and
- f. An Affidavit of Compliance with Requirement for Mailing Notice of Public Hearing on Resolution of Intention to Incur a Bonded Indebtedness for CFD No. 2000-01 signed by the City Clerk.

- g. A Notice of Continuance of Public Hearings signed by the City Clerk for each continuance of the public hearings.

It is in order for the City Council to consider the following items at this time:

A. City Council Action Items:

1. Adopt Resolution of the City Council of the City of Sacramento Establishing the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, and Providing for the Levy of a Special Tax to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for such Community Facilities District and Calling a Special Mailed-Ballot Election to Submit to the Qualified Electors within such Community Facilities District the Question of Levying such Special Tax and Establishing an Appropriations Limit for such Community Facilities District (Resolution [R-4]).

(Please make sure Exhibit A, Rate and Method of Apportionment and Manner of Collection of Special Tax, Exhibit B, List of Authorized Facilities, and Exhibit C, copy of the Boundary Map, are attached to Resolution [R-4] before it is presented to the City Council.)

2. Adopt Resolution of the City Council of the City of Sacramento Declaring the Necessity to Incur a Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, and Calling a Special Mailed-Ballot Election to Submit to the Qualified Electors within such Community Facilities District the Proposition of Incurring such Bonded Indebtedness (Resolution [R-5]).

(Please make sure Exhibit A, Rate and Method of Apportionment and Manner of Collection of Special Tax, Exhibit B, List of Authorized Facilities, Exhibit C, form of Waiver and Consent of Landowners Shortening Time Periods and Waiving Various Requirements for Conducting a Mailed-Ballot Election, and Exhibit D, Consent of Property Owner, are attached to Resolution [R-5] before it is presented to the City Council.)

3. Conduct Election

- (a) City Clerk to deliver ballots to qualified voters.
- (b) City Clerk to receive voted ballots.
- (c) City Clerk to canvass ballots.

B. Items to be Filed with the City Clerk:

1. Formation Hearing Report.

2. Certificate Relative to Voters signed by Gary Alm (Certificate [C-1]).
3. Certificate of City Clerk Re Waiver and Consent (Certificate [C-2])
4. Waiver and Consent forms signed by the landowners or their representatives.
5. Consent of Property Owner forms signed by the landowners or their representatives.
6. Affidavit of Delivery of Ballots for the Special Mailed-Ballot Election Held in the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ([A-6])
7. Certificate of City Clerk Re Election Results (Certificate [C-3]).

C. Additional Instructions for the City Clerk:

1. Resolution Declaring the Necessity to Incur a Bonded Indebtedness (Resolution [R-5]).

In the Ballot Measure under Section 8, fill in the blanks with the resolution number of the Resolution Establishing CFD No. 2000-01 (Resolution [R-4]).

2. Formation Hearing Report

- a. The Formation Hearing Report has been prepared under the direction of the City Council by Economic Planning Systems and several copies will be provided for the Council meeting.

- b. Please keep a copy of the Formation Hearing Report in your file of proceedings and send two copies to Orrick for the attention of Amy Wong.

3. Certificate of City Clerk Re Waiver and Consent ([C-2])

- a. The Waiver and Consent forms and the Consent of Property Owner forms signed by the landowners or their representatives will be provided by Rita Goolkasian.

- b. An original and two copies of the Certificate of City Clerk Re Waiver and Consent are enclosed for signature by the City Clerk not later than the election time.

- c. Please return two signed copies of the Certificate of City Clerk Re Waiver and Consent and two copies of each of the signed consent forms to Orrick for the attention of Amy Wong.

4. Ballot ([B-1])

Prior to the election, prepare the ballots (with the resolution number of Resolution [R-4] filled in) by inserting in the appropriate blanks in each ballot the name of the property owner and the number of votes each is eligible to cast.

The City Clerk shall deliver the ballots to the authorized representatives of the property owners listed in Exhibit A attached to the Certificate Relative to Voters.

The City Clerk shall receive the voted ballots from the authorized representatives of the property owners.

The City Clerk shall canvass the ballots.

5. Affidavit of Delivery of Ballots for the Special Mailed-Ballot Election Held in the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ([A-6])

After delivery of the ballots, fill in the resolution number of Resolution [R-4] in the blank in the Affidavit of Delivery of Ballots and sign in triplicate and have all three (3) copies notarized. Keep the original in your file of proceedings and return two (2) copies to Orrick for the attention of Amy Wong.

6. Certificate of City Clerk Re Election Results (Certificate [C-3])

After the ballots have been returned to the City Clerk, complete the Certificate of City Re Election Results and sign in triplicate. Keep the original in your file of proceedings and return two (2) copies to Orrick for the attention of Amy Wong.

7. Please provide our office with two certified copies of each of the above-listed resolutions adopted at this Council meeting.

If you have any questions, please call:

Carlo Fowler, Bond Attorney (415) 773-5884

or

Amy Wong, Project Manager, Public Finance (415) 773-4262

at

ORRICK, HERRINGTON & SUTCLIFFE LLP

Copies of the
Formation Hearing Report prepared by
Economic Planning Systems
to be provided by Rita Goolkasian

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO LEVYING A SPECIAL TAX FOR THE FISCAL YEAR 2001-2002 AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO THE CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. Pursuant to Government Code Sections 53328 and 53340, and in accordance with the Rate and Method of Apportionment of Special Tax as set forth in Exhibit A to Resolution No. 2000-627 Establishing the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 (Resolution No. 2000-627 adopted by the Council on October 31, 2000) (the "Resolution"), a special tax is hereby levied on all taxable parcels within the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 for the 2001-2002 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax, provided that this amount may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of the Council.

2. The Special Districts Analyst, Department of Public Works of the City of Sacramento (the "City"), is authorized and directed, with the aid of the appropriate officers and agents of the City, to determine each year, without further action of the Council, the Special Tax(es) (as that term is defined in Exhibit A of the Resolution), to prepare the annual Special Tax roll in the amount of the Special Tax in accordance with said Exhibit A and, without further action of the Council, to provide all necessary and appropriate information to the Sacramento County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as provided in the Resolution and Section 53340 of the California Government Code, the Council has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including but not limited to, direct billing by the City to the property owners and supplemental billing.

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

3. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Taxes to the county tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.

4. The City agrees that, in the event the Special Tax is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.

5. Taxpayers who have requested changes or corrections of the Special Tax pursuant to Section 8 of the Rate and Method of Apportionment of the Special Tax and who are not satisfied with the decision of the Special Districts Analyst (whether the Special Districts Analyst simply disagrees with the taxpayer or feels the Department of Public Works is not authorized to consider the change requested), may appeal to the Council. The appeal must be in writing and fully explain the grounds of appeal, and must be based solely on the correction of mistakes in the levy based upon the status of the property, and no other appeals will be allowed. The Special Districts Analyst shall schedule the appeal for consideration within a reasonable time at a Council meeting.

6. If for any cause any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this ordinance, and the application of the Special Tax to the remaining parcels, shall not be affected.

7. This ordinance shall take effect and be in force immediately as a tax measure.

8. The TITLE only of this Ordinance shall have been published at least once in a newspaper of general circulation published in the City of Sacramento, after being passed for publication of Title by the Council, at least three days before the adoption of this Ordinance by the Council, pursuant to Section 32(c) of the Sacramento City Charter. It is hereby found that the Title of this Ordinance was published in _____, a newspaper of general circulation published in the City of Sacramento on January _____, 2001.

* * *

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

This Ordinance was PASSED FOR PUBLICATION by the City Council of the City of Sacramento, County of Sacramento, State of California, on January _____, 2001; and PASSED AND ADOPTED by said Council this _____ day of January, 2001.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

DATE ADOPTED _____

CITY OF SACRAMENTO

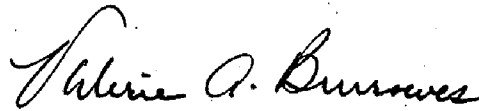
AFFIDAVIT OF DELIVERY OF BALLOTS
FOR THE SPECIAL MAILED-BALLOT ELECTION TO BE HELD
IN THE CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE
COMMUNITY FACILITIES DISTRICT NO. 2000-01,
ON OCTOBER 31, 2000

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

Valerie A. Burrowes, being first duly sworn, deposes and says:

That she is now and at all times herein mentioned was the City Clerk of the City
of Sacramento;

That, pursuant to Resolution No. 2000-~~627~~ (the "Resolution") adopted by the
City Council of the City of Sacramento on October 31, 2000, she complied with the requirements
for delivering the ballots for the special mailed-ballot election to be held on Tuesday, October
31, 2000, in the City of Sacramento North Natomas Westlake Community Facilities District No.
2000-01, as required by Section 10 of the Resolution, by mailing or delivering in person to each
of the landowners qualified to vote at said special mailed-ballot election a ballot, and that
attached hereto, marked Exhibit A and incorporated herein and made a part hereof, is a true and
correct copy of such ballot in the form delivered.


City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 1 day of November, 2000.

NOTARY PUBLIC
State of California

[Notarial Seal]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

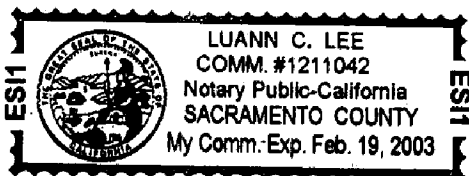
State of California

County of Sacramento

On November 1, 2000 before me, Luann C. Lee, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Valerie A. Burrowes
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Luann C. Lee
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☐ INDIVIDUAL
☐ CORPORATE OFFICER

TITLE(S)

- ☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

DESCRIPTION OF ATTACHED DOCUMENT

TITLE OR TYPE OF DOCUMENT

NUMBER OF PAGES

DATE OF DOCUMENT

SIGNER(S) OTHER THAN NAMED ABOVE

CERTIFICATE OF CLERK
RE WAIVER AND CONSENT

CITY OF SACRAMENTO NORTH NATOMAS
WESTLAKE COMMUNITY FACILITIES DISTRICT NO. 2000-01

Valerie A. Burrowes, being first duly sworn, deposes and says:

That she is now and at all times herein mentioned was the City Clerk of the City of Sacramento;

That she has examined the Certificate Relative to Voters filed in the proceedings on October 31, 2000, and in particular the list of landowner voters within the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01 ("the Community Facilities District"); and

That she has received, and now has in her possession as a permanent part of the City's record of this special mailed-ballot election, waivers, in the form attached hereto as Exhibit I, and consents, in the form attached hereto as Exhibit II, executed by all of the landowners listed on the attachment to the Certificate Relative to Voters, and in each case where a representative is acting for the property owner, she has in her possession written evidence of the authority of that representative to act for the owner.

Valerie A. Burrowes

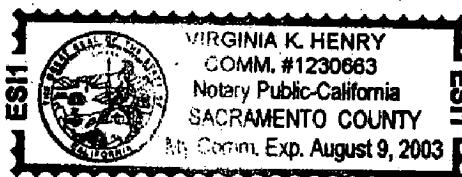
City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 21 day of ~~October~~ ^{November}, 2000.

Virginia K. Henry

NOTARY PUBLIC
State of California

[Notarial Seal]



CLERK'S CERTIFICATE

I, Valerie A. Burrowes, City Clerk of the City of Sacramento, do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted at a regular meeting of the City Council of said City duly and regularly held at the regular meeting place thereof on the 31st day of October, 2000, of which meeting all of the members of said City Council had due notice and at which a majority thereof were present, and that at said meeting said resolution was adopted by the following vote:

AYES: *all*

NOES: *none*

ABSENT: *none*

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at the Sacramento City Hall, 915 I Street, Sacramento, California 95814, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: *November 21*, 2000.

Valerie A. Burrowes
City Clerk of the City of Sacramento

[SEAL]

CITY OF SACRAMENTO

AFFIDAVIT OF RECORDING THE NOTICE OF SPECIAL
TAX LIEN FOR THE CITY OF SACRAMENTO NORTH NATOMAS WESTLAKE
COMMUNITY FACILITIES DISTRICT NO. 2000-01

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

Valerie A. Burrowes, being first duly sworn, deposes and says:

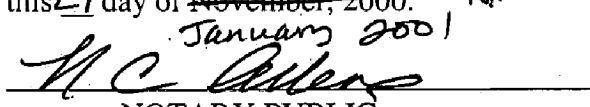
That she is now and at all times herein mentioned was the City Clerk of the City
of Sacramento;

That pursuant to Section 3114.5 of the Streets and Highways Code of the State of
California, she recorded a notice entitled "Notice of Special Tax Lien" for the City of
Sacramento North Natomas Westlake Community Facilities District No. 2000-01 in the office of
the County Recorder of Sacramento County on November ¹⁴/₁₅, 2000.



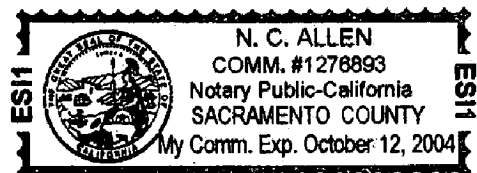
City Clerk of the City of Sacramento

Subscribed and sworn to before me
this ²⁹/₂₉ day of ~~November~~, 2000. NA.




NOTARY PUBLIC
State of California

[Notarial Seal]



RECORDING REQUESTED BY:
Rita Goolkasian, Special Districts Analyst
CITY OF SACRAMENTO

WHEN RECORDED, PLEASE RETURN TO:
Rita Goolkasian, Special Districts Analyst
CITY OF SACRAMENTO
1231 I Street, Room 300
Sacramento, CA 95814
Telephone: (916) 264-5236


Sacramento County Recording
Mark Norris, Clerk/Recorder
BOOK **20010906** PAGE **0394**
Thursday, SEP 06, 2001 9:15:04 AM
Ttl Pd \$55.00 Nbr-0000830871

SPM/16/1-15

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF CORRECTED SPECIAL TAX LIEN
SUPERCEEDING PREVIOUSLY RECORDED
DOCUMENT #200011140988 RECORDED ON
NOVEMBER 14, 2000, IN
THE SACRAMENTO COUNTY RECORDER'S OFFICE

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code and Section 53328.3 of the Government Code, the undersigned City Clerk of the City of Sacramento, County of Sacramento, State of California, hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the City Council of the City of Sacramento, County of Sacramento, State of California. The special tax secured by this lien is authorized to be levied for the purpose of: (1) paying principal and interest on bonds, the proceeds of which are being used to finance the acquisition and construction of those certain primary and secondary public drainage facilities constituting detention facility/lake, outfalls, drainage outlets, trunk drainage pipes, sanitary sewer trunk and interceptor lines, street improvements, water transmission lines, landscaping and soundwalls, public dry utilities, and necessary appurtenances, in and for the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, and (2) providing such public drainage facilities.

The special tax is authorized to be levied within the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, which has now been officially formed, and the lien of the special tax is a continuing lien which shall secure each annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and cancelled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The corrected rate, method of apportionment and manner of collection of the authorized special tax is set forth in Exhibit A attached hereto and incorporated herein and made a part hereof. Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax cancelled are set forth in Exhibit A attached hereto and incorporated herein and made a part hereof.

Notice is further given that upon the recording of this notice in the office of the County Recorder of the County of Sacramento, State of California, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, in accordance with Section 3115.5 of the Streets and Highways Code.

The names of the owners and the assessor's tax parcel numbers of the real property included within the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, and not exempt from the special tax, as of the date of recording this notice, are as set forth in Exhibit B attached hereto and incorporated herein and made a part hereof.

Reference is hereby made to the boundary map of the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01, recorded on June 29, 2000, in Book 93 of Maps of Assessment and Community Facilities Districts at Page 1, in the office of the County Recorder of the County of Sacramento, State of California, which map is now the final boundary map of the City of Sacramento North Natomas Westlake Community Facilities District No. 2000-01.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this corrected special tax lien, interested persons should contact Rita Goolkasian the office of the Director of Public Works of the City of Sacramento, at 1231 I Street, Room 300, Sacramento, California 95814 (telephone 916/264-5236).

Dated: September 6, 2001.

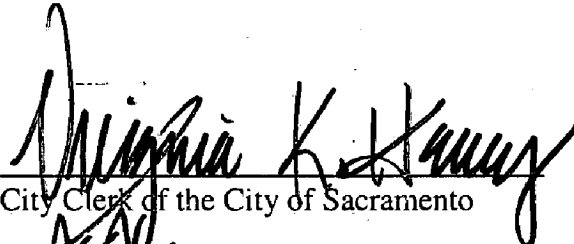


City Clerk of the City of Sacramento


Exhibit A

City of Sacramento, North Natomas
Westlake Community Facilities District No. 2000-01
(Sacramento, California)

CORRECTED

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the City of Sacramento (the "City") North Natomas Westlake Community Facilities District No. 2000-01 (the "CFD") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates, preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Anticipated Construction Proceeds" means \$8,800,000 from issuance of bonds.

"Annual Costs" means, for any Fiscal Year, the total of (i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the City issued for the CFD to the level required under the documents pursuant to which such bonds were issued; (iv) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and an amount for anticipated delinquencies for the current Fiscal Year; (v) pay-as-you-go expenditures for authorized facilities to be constructed or acquired by the CFD, less any credit from earnings on the bond reserve fund, less any reimbursements, and/or less any grants/other project funding.

"Assessor" means the Assessor of the County of Sacramento.

"Authorized Facilities" means those improvements, as listed in the Resolution forming the CFD.

"Base Year" means Fiscal Year 2000-2001.

"Benefit Share" means the Maximum Annual Special Tax for a Taxable Parcel divided by the Maximum CFD Revenue.

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD" means the City of Sacramento, North Natomas Westlake Community Facilities District No. 2000-01.

"City" means City of Sacramento, California.

"Council" means the City Council of the City acting for the CFD under the Act.

"County" means the County of Sacramento, California.

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest payable for any bonds or notes of the CFD during that Fiscal Year or Bond Year, less any applicable credits that may be available from any other sources available to the City to pay principal and interest for the previous or current Fiscal Year or Bond Year.

"Development Year" means the Fiscal Year in which the Parcel changes classification from Master Parcel Map to Final Subdivision Map Parcel.

"Estimated Net Acreage" means the actual Net Acreage of a Parcel or an approximation of the Net Acreage by the City based upon the total gross developable acres less an allowance for minor streets of a Parcel as indicated in the North Natomas Community Plan.

"Final Subdivision Map" means a recorded map designating the final Parcel splits for individual single-family residential Parcels.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Individual Lot" means a buildable area of land created by a final subdivision map for the purpose of building a single-family residential dwelling unit.

"Low-Density Residential Parcel" means a Taxable Parcel with an approved land use for a single-family-detached residential dwelling unit that lies within a specific Residential Village as shown on Map 1.

"Master Parcel Map" means a map that subdivides large tracts of land into smaller Parcels for the purpose of selling or otherwise transferring the Parcels for further subdivision in accordance with City procedures, or for the purpose of securing financing, together with planning and construction of infrastructure elements, but not for the purpose of creating either individual residential lots for sale

to end-user homeowners, and not for the purpose of allowing construction or other improvements on Non-Residential Parcels.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres or units of the Taxable Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in **Attachment 1** for a given Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

"Maximum Annual CFD Revenue" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD.

"Medium-Density Residential Parcel" means a single family residential Parcel on Map 1 designated as medium density by the City according the North Natomas Community Plan.

"Net Acre" is the area of a Parcel associated with residential and non-residential uses after dedication of all public uses and rights-of-way.

"Non-Participating Parcel" is a Non-Residential Parcel or Other Residential Parcel which has not received written authorization from the property owner to be taxed, and has not had bonds issued against the property. Any such Parcel shall be a Tax-Exempt Parcel. Any Non-Participating Parcel which subsequently becomes Taxable must be reclassified as a Non-Residential parcel or Other Residential Parcel. Once the Non-Participating Parcel has been reclassified as a Taxable Parcel, it cannot revert to Non-Participating Parcel status. The property owner may also request that a Non-Participating Parcel be permanently classified Tax-Exempt, provided the property has paid its share of backbone infrastructure privately.

"Non-Residential Parcel" means a Taxable Parcel designated for retail, commercial, office, industrial, institutional, or similar use as defined in the North Natomas Community Plan.

"Other Residential Parcel" means a Taxable Parcel with an approved land use for other than Low-Density Residential Parcel or Medium Density Residential Parcel, such as three or more attached residential units owned in common. If Low Density or Medium-Density Residential Parcels are created that are not consistent with the village shown in Map 1, these Parcels will be classified as Other Residential Parcels.

"Outstanding Bonds" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Prepayment" means the permanent satisfaction of the entire Special Tax obligation for one or more Parcels by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6. Prepayment may occur before or after the initial bond sale, with differing criteria.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned as designated by the City that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways including drainage basins, lakes, public landscaping, wetlands, greenbelts, and public open space. These Parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel, except for Taxable Parcels that are acquired by a public agency, in which case the Special Tax obligation for such Parcels shall be required to be permanently satisfied pursuant to Sections 53317.3 and 53317.5 of the Government Code by the procedure described in Section 6.

"Remaining Facility Cost Share" means the Total Facility Cost Share for a Parcel less facility costs funded through CFD bonds or on a pay-as-you-go basis.

"Residential Village" means a designated geographic area within the Master Parcel Map containing residential development. The village designations are either Village 1, Village 2, Village 3, Village 4A, Village 4B, Village 5, or Village 6, as shown on Map 1.

"Reserve Fund" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all Outstanding Bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act.

"Tax Collection Schedule" means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Parcel" means any Parcel that is not a Tax-Exempt Parcel.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) Prepayment Parcels, and (iii) Parcels that are open space, recreation, clubhouse etc, owned by a Condominium or Home Owners Association. Certain non-developable privately owned Parcels may also be exempt from the levy of Special Taxes as determined by the City such as common areas, wetlands, and open space.

"Tentative Subdivision Map" means a tentative subdivision map defined under the California Subdivision Map Act and Title 40 of the Sacramento City Code.

"Total Facility Cost Share" means the Benefit Share for a Parcel multiplied by the Anticipated Construction Proceeds for the CFD.

3. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied on and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund Authorized Facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2029-30.

When all of the bonds issued to pay for Authorized Facilities have been retired, the Special Tax shall cease to be levied. The City shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

4. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

A. Classification of Parcels. By May 1 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel to be further classified as a Low-Density Residential Parcel, Medium-Density Residential Parcel, Other Residential Parcel, or Non-Residential Parcel.
3. Each Low-Density Residential Parcel to be identified according to its Residential Village.

B. Assignment of Maximum Annual Special Tax. The City shall assign the appropriate Maximum Annual Special Tax to each Taxable Parcel as follows:

1. Low-Density Residential Parcels (identified on Map 1)

For Low-Density Residential parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to Final Subdivision Map – If a Final Subdivision Map has not been recorded showing final Parcel splits for a Residential Village, a Maximum Annual Special Tax will be assigned for the Residential Village by multiplying the number of units shown on **Attachment 2** by the maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

If only a portion of a Residential Village has a Final Subdivision Map, assign that portion the Maximum Annual Special Tax as described in 4.B.1.b below. The portion without a Final Subdivision Map shall be assigned a Maximum Annual Special Tax calculated by taking the total units shown for the Residential Village

on **Attachment 2** minus the units created by the Final Subdivision Map, multiplied by the Maximum Annual Special Tax Rate for that Residential Village shown on **Attachment 1**.

- b) Following Final Subdivision Map- The Maximum Annual Special Tax Rate for a Low-Density Residential Parcel within a Residential Village is shown on **Attachment 1**.

2. Medium-Density Residential Parcels

For Medium-Density Residential Parcels, the Maximum Annual Special Tax will be calculated by the following steps:

- a) Prior to Subdivision into Individual Lots--Calculate the Maximum Annual Special Tax Revenue by multiplying the Net Acres for the Medium-Density Residential Parcel by the Maximum Annual Special Tax per acre shown on **Attachment 1**.
- b) Following Subdivision into Individual Lots--Divide the Maximum Annual Special Tax from a) above by the total number of Individual Lots created in the Final Subdivision Map or Master Parcel Map to arrive at the Maximum Annual Special Tax per Individual Lot.

3. Other Residential and Non-Residential Parcels

Calculate the Maximum Annual Special Tax for Other Residential Parcels, and Non-Residential Parcels by multiplying the Maximum Annual Special Tax per Net Acre, as shown on **Attachment 1**, by the Net Acres for the Parcel. Other Residential Parcels that are created as condominiums or Individual Lots will have the Maximum Annual Special Tax per Parcel calculated according the procedures in 4.a. and 4.b. above.

- C. Conversion of a Public Parcel to a Taxable Parcel. If a Public Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to Section 4.A and Section 4.B above.
- D. Taxable Parcels Acquired by a Public Agency — A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.
- E. Reclassification of a Non-Participating Parcel from Tax-Exempt status to Taxable status. Once the property owner has given written authorization for the property to be taxed, the Parcel

must be reclassified as a Taxable Parcel, either as a Non-Residential Parcel, or as an Other Residential Parcel. The Maximum Annual Special Tax for such a Parcel shall be assigned according to 4.A and 4.B above.

5. CALCULATING ANNUAL SPECIAL TAX LEVY

The City shall compute the Annual Costs for each land use category, and determine the Maximum Annual Special Tax for each Parcel based on the assignment in the Special Tax in Section 4. The City will then determine the tax levy for each Parcel using the following process:

- A. Compute the Annual Costs using the definitions in Section 2.
- B. Calculate the Maximum CFD Revenue by taxing each Taxable Parcel at 100% of its Maximum Annual Special Tax (Attachment 2 shows the estimated maximum special tax revenues at buildout based on the Base Year tax rates). If revenues are greater than the Annual Costs, reduce the tax proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

6. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may permanently satisfy the Special Tax obligation for one or more Parcels. By exercising the right to Prepayment, a landowner can eliminate the future annual Special Tax liability for one or more Parcels.

Prepayment is permitted only under the following conditions:

- The City determines that the Prepayment does not jeopardize the ability to make timely payments of Debt Service on outstanding bonds.
- Any landowner who wishes to exercise the right to a Prepayment for a Parcel must pay any and all delinquent Special Taxes and penalties.
- Prepayment shall be made on or before June 1 in order to prevent the levy of special taxes due during the Fiscal Year beginning July 1.

The total Prepayment amount will include the Parcel's proportionate share of all estimated costs necessary to construct the Authorized Facilities (the "base Prepayment amount") plus any additional

administrative and financing costs necessary to redeem bonds and calculate the Prepayment. These calculations are described below.

CALCULATE PREPAYMENT AMOUNT

Part A: Prepayment of Outstanding Bond Share

- Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Share by dividing the Maximum Special Tax determined in Step A.1 by the Maximum CFD Revenue for all Parcels in the CFD.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 by the total amount of Outstanding Bonds issued by the CFD.
- Step A.4: Calculate the Reserve Fund Share associated with the Bond Share determined in Step A.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all outstanding bonds multiplied by the Benefit Share. At the City's discretion, the Reserve Fund Share may be withheld from the Prepayment calculation and refunded to the Prepaying landowner at the time that bonds are called.
- Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

Part B. Remaining Facility Cost Share

- Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Share from Part A, Step A.2 above by the Anticipated Construction Proceeds.
- Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Share by the construction proceeds made available from all such bonds issued by the CFD. These amounts shall be adjusted to the year of Prepayment by using the Engineering News Record Construction Cost Index.
- Step B.3: Determine the share of facilities already funded by Special Tax revenues on a pay-as-you-go basis by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities, the Remaining Facility Cost Share shall be set to zero for purposes of this prepayment calculation.)

Step B.5 Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

7. RECORDS MAINTAINED FOR THE CFD

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- the current Parcel Number,
- the Residential Village in which a Low-Density Residential Parcel lies,
- the Parcel acreage (gross, gross developable or net),
- the Maximum Annual Special Taxes which applied in each Fiscal Year,
- the authorized Special Taxes levied in each Fiscal Year; and
- the Development Year.

The file containing the information listed above will be available for public inspection.

8. 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 will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies that the tax should be modified or changed, 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.

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

Attachment 1
North Natomas Westlake CFD No. 2000-01
Maximum Special Taxes

Fiscal Year Ending	Low-Density Residential							Medium-Density Residential	Other Residential & Non-Residential
	Village 1	Village 2	Village 3	Village 4A	Village 4B	Village 5	Village 6	{1}	
				<i>Per unit</i>				<i>Per net acre</i>	<i>Per net acre</i>
2001	\$620	\$1,160	\$1,010	\$720	\$920	\$920	\$830	\$3,600	\$3,600
2002	\$632	\$1,183	\$1,030	\$734	\$938	\$938	\$847	\$3,672	\$3,672
2003	\$645	\$1,207	\$1,051	\$749	\$957	\$957	\$864	\$3,745	\$3,745
2004	\$658	\$1,231	\$1,072	\$764	\$976	\$976	\$881	\$3,820	\$3,820
2005	\$671	\$1,256	\$1,093	\$779	\$996	\$996	\$898	\$3,897	\$3,897
2006	\$685	\$1,281	\$1,115	\$795	\$1,016	\$1,016	\$916	\$3,975	\$3,975
2007	\$698	\$1,306	\$1,137	\$811	\$1,036	\$1,036	\$935	\$4,054	\$4,054
2008	\$712	\$1,332	\$1,160	\$827	\$1,057	\$1,057	\$953	\$4,135	\$4,135
2009	\$726	\$1,359	\$1,183	\$844	\$1,078	\$1,078	\$972	\$4,218	\$4,218
2010	\$741	\$1,386	\$1,207	\$860	\$1,099	\$1,099	\$992	\$4,302	\$4,302
2011	\$756	\$1,414	\$1,231	\$878	\$1,121	\$1,121	\$1,012	\$4,388	\$4,388
2012	\$771	\$1,442	\$1,256	\$895	\$1,144	\$1,144	\$1,032	\$4,476	\$4,476
2013	\$786	\$1,471	\$1,281	\$913	\$1,167	\$1,167	\$1,053	\$4,566	\$4,566
2014	\$802	\$1,501	\$1,307	\$931	\$1,190	\$1,190	\$1,074	\$4,657	\$4,657
2015	\$818	\$1,531	\$1,333	\$950	\$1,214	\$1,214	\$1,095	\$4,750	\$4,750
2016	\$834	\$1,561	\$1,359	\$969	\$1,238	\$1,238	\$1,117	\$4,845	\$4,845
2017	\$851	\$1,592	\$1,387	\$988	\$1,263	\$1,263	\$1,139	\$4,942	\$4,942
2018	\$868	\$1,624	\$1,414	\$1,008	\$1,288	\$1,288	\$1,162	\$5,041	\$5,041
2019	\$886	\$1,657	\$1,443	\$1,028	\$1,314	\$1,314	\$1,185	\$5,142	\$5,142
2020	\$903	\$1,690	\$1,471	\$1,049	\$1,340	\$1,340	\$1,209	\$5,245	\$5,245
2021	\$921	\$1,724	\$1,501	\$1,070	\$1,367	\$1,367	\$1,233	\$5,349	\$5,349
2022	\$940	\$1,758	\$1,531	\$1,091	\$1,394	\$1,394	\$1,258	\$5,456	\$5,456
2023	\$959	\$1,793	\$1,561	\$1,113	\$1,422	\$1,422	\$1,283	\$5,566	\$5,566
2024	\$978	\$1,829	\$1,593	\$1,135	\$1,451	\$1,451	\$1,309	\$5,677	\$5,677
2025	\$997	\$1,866	\$1,625	\$1,158	\$1,480	\$1,480	\$1,335	\$5,790	\$5,790
2026	\$1,017	\$1,903	\$1,657	\$1,181	\$1,509	\$1,509	\$1,362	\$5,906	\$5,906
2027	\$1,038	\$1,941	\$1,690	\$1,205	\$1,540	\$1,540	\$1,389	\$6,024	\$6,024
2028	\$1,058	\$1,980	\$1,724	\$1,229	\$1,570	\$1,570	\$1,417	\$6,145	\$6,145
2029	\$1,079	\$2,020	\$1,758	\$1,254	\$1,602	\$1,602	\$1,445	\$6,268	\$6,268
2030	\$1,101	\$2,060	\$1,794	\$1,279	\$1,634	\$1,634	\$1,474	\$6,393	\$6,393

[1] Medium-Density Residential Maximum Annual Special Taxes per unit are determined when a Parcel records a Final Subdivision Map.

Note: Tax Rates are escalated annually at 2%.

Attachment 2
North Natomas Westlake CFD No. 2000-01
Base Year Estimated Maximum Special Tax Revenue

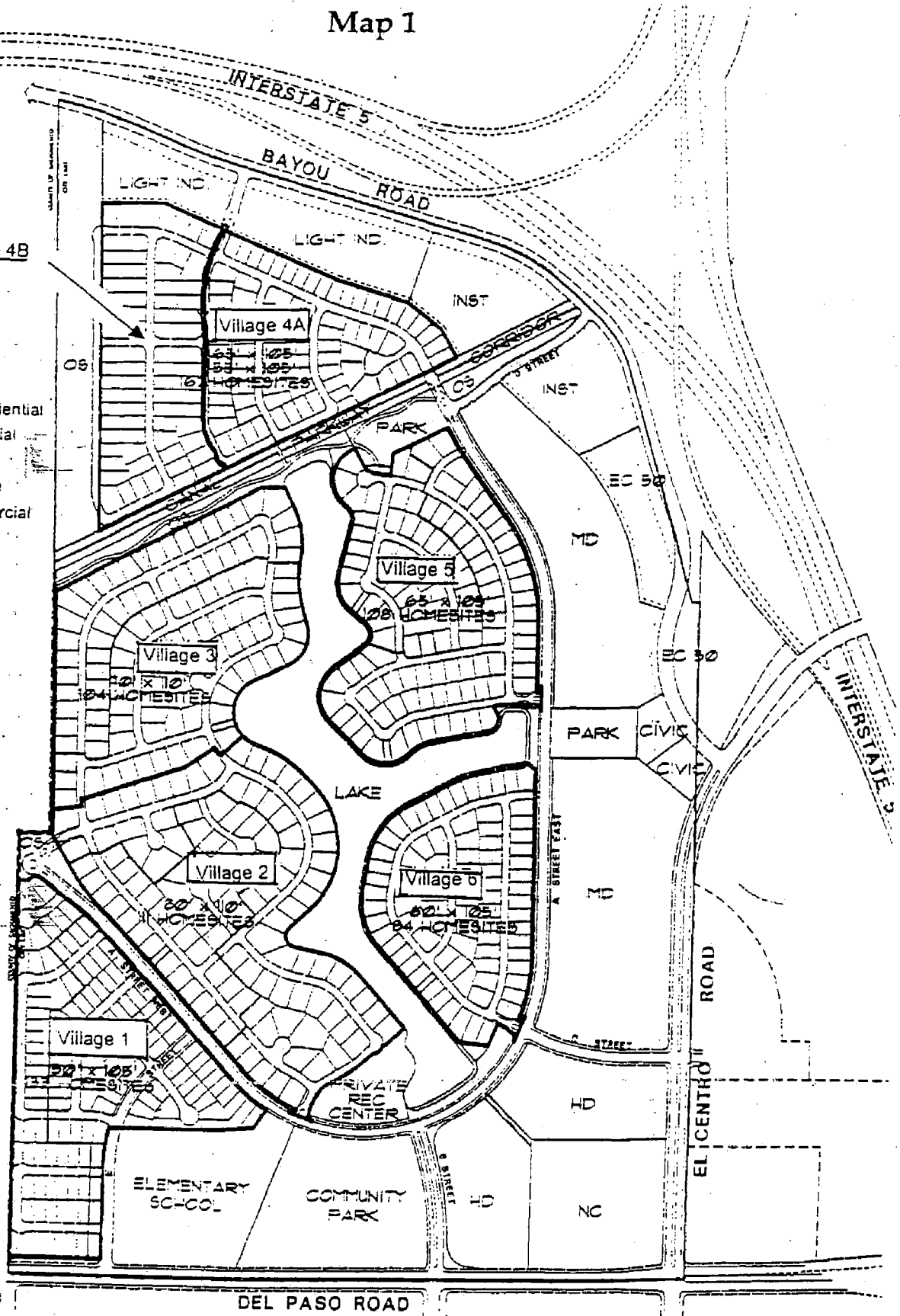
Item	Net Acres	Units	Median Lot Size (sq. ft.)	Maximum Special Tax Rate per Unit/Acre (Base Year 2000-01)	Estimated Maximum Special Tax Revenue
Low Density Residential					
Village 1	19.1	133	5,250	\$620 per unit	\$82,460
Village 2	31.6	111	8,800	\$1,160 per unit	\$128,760
Village 3	26.5	104	7,700	\$1,010 per unit	\$105,040
Village 4A	17.6	86	5,775	\$720 per unit	\$61,920
Village 4B	15.6	76	6,825	\$920 per unit	\$69,920
Village 5	25.0	108	6,825	\$920 per unit	\$99,360
Village 6	17.5	84	6,300	\$830 per unit	\$69,720
Subtotal Low Density	152.9	702			
Medium Density Residential	30.5			\$3,600 per net acre	\$109,800
Other Residential & Non-Residential	45.5			\$3,600 per net acre	\$163,800
TOTAL	228.9	702			\$890,780

Map 1

Zoning Code

OS	Open Space
LIGHT IND	Light Industrial
MD	Medium Density Residential
HD	High Density Residential
EC 50	Employment Center 50 employees per acre
NC	Neighborhood Commercial
INST	Institutional

Village 4B



June, 2000

A-12



EXHIBIT "B"

No.	APNS	Property Owner
1	22514800010000	Winncrest Natomas, LLC
2	22514800020000	Winncrest Natomas, LLC
3	22514800030000	Winncrest Natomas, LLC
4	22514800040000	Winncrest Natomas, LLC
5	22514800050000	Winncrest Natomas, LLC
6	22514800060000	Winncrest Natomas, LLC
7	22514800070000	Winncrest Natomas, LLC
8	22514800080000	Winncrest Natomas, LLC
9	22514800090000	Winncrest Natomas, LLC
10	22514800100000	Winncrest Natomas, LLC
11	22514800110000	Winncrest Natomas, LLC
12	22514800120000	Winncrest Natomas, LLC
13	22514800130000	Winncrest Natomas, LLC
14	22514800140000	Winncrest Natomas, LLC
15	22514800150000	Winncrest Natomas, LLC
16	22514800160000	Winncrest Natomas, LLC
17	22514800170000	Winncrest Natomas, LLC
18	22514800180000	Winncrest Natomas, LLC
19	22514800190000	Winncrest Natomas, LLC
20	22514800200000	Winncrest Natomas, LLC
21	22514800210000	Winncrest Natomas, LLC
22	22514800220000	Acacia Credit Fund 7 LLC
23	22514800230000	LW1, LLC
24	22514800240000	Winncrest Natomas, LLC
25	22514800250000	Winncrest Natomas, LLC
26	22514800260000	JTS Communities, Inc.
27	22514800270000	Morrison Homes, Inc.
28	22514800280000	Winncrest Natomas, LLC
29	22514800290000	Winncrest Natomas, LLC
30	22514800300000	Winncrest Natomas, LLC
31	22514800310000	Winncrest Natomas, LLC
32	22514800320000	Winncrest Natomas, LLC
33	22514800420000	Winncrest Natomas, LLC
34	22514800430000	Morrison Homes, Inc.
35	22514800440000	Winncrest Natomas, LLC
36	22514800450000	Morrison Homes, Inc.
37	22514800460000	LW1, LLC
38	22514800470000	Winncrest Natomas, LLC
39	22514800480000	Winncrest Natomas, LLC
40	22514800490000	JTS Communities, Inc.
41	22514800500000	Winncrest Natomas, LLC
42	22514800510000	Winncrest Natomas, LLC