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APPROVED
BY THE CITY COUNCIL

APR 28 1998

OFFICE OF THE
CITY CLERK

A698-042

1231 I ST. RM 300
SACRAMENTO, CA
95814

916-264-7113
FAX 916-264-7480

DEPARTMENT OF
PUBLIC WORKS

TECHNICAL SERVICES
DIVISION

SPECIAL DISTRICTS

CITY OF SACRAMENTO
CALIFORNIA

April 14, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: RESOLUTION OF INTENTION - NORTH NATOMAS COMMUNITY FACILITIES
DISTRICT NO. 2**

LOCATION AND COUNCIL DISTRICT:

The proposed Community Facilities District (CFD) will include approximately 968 acres of the North Natomas Community Plan area, located in Council District 1 (see map Exhibit A).

RECOMMENDATION: This report recommends that the City Council adopt the following:

- Resolution of Intention to Establish a CFD and to Levy a Special tax (Sets Hearing Date and Approves Boundary Map).
- Resolution of Intention to Incur Bonded Indebtedness.
- Resolution Approving Bond Counsel Agreement for Legal Services.
- Resolution Approving City Participation in the CFD.

CONTACT PERSON: Edward Williams, Associate Engineer, 264-5440.

FOR COUNCIL MEETING OF: April 28, 1998

SUMMARY:

This report presents a proposal to form a Mello-Roos Community Facilities District (CFD) in accordance with the North Natomas Financing Plan. The proposed CFD will fund internal drainage improvements specific to drainage basins 5 & 6 in Quadrant 1. (Exhibit A)

City Council
North Natomas Community Facilities District No.2 R.O.I.
April 14, 1998

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

In June 1997, the City Council in conjunction with North Natomas property owners successfully completed the formation of Community Facilities District No. 1. The improvements funded by that district will provide increased conveyance capacity (to the Sacramento River) in the existing Reclamation District 1000 system. Those improvements allow the 5,800 acres of North Natomas to be removed from the underlying 100 yr. floodplain upon completion of drainage infrastructure specific to each individual drainage basin. North Natomas CFD No. 2 will fund the latter improvements for basins 5&6.

The boundary of the proposed CFD, shown on Exhibit A, includes approximately 968 acres of Quadrant 1. Properties excluded from the district include Elixir Industries and other parcels as indicated on the boundary map.

Improvements to be funded through the CFD include:

- Drainage facilities for basins 5&6 will be constructed as two independent systems. Each will include drainage basin, conveyance systems and pump station to transmit surface water into the RD. 1000 system, engineering, right-of-way acquisition, administration and legal costs.

These facilities will be more fully described in the Formation Hearing and Financing Plan Reports for CFD No.2 which will be available at the formation stage of the process.

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 a case where the vote is by landowners, rather than registered voters, each acre within the proposed district receives one (-1) vote. A $\frac{2}{3}$ majority is required to finalize the CFD formation. A schedule for the CFD proceedings is provided on Exhibit B.

FINANCIAL CONSIDERATIONS:

There will be no impact to the General Fund. The City property will not be responsible for annual special tax payments until the property is developed, ownership is transferred or a funding mechanism is identified which is acceptable to City Council.

City Council
North Natomas Community Facilities District No.2 R.O.I.
April 14, 1998

The improvements are proposed to be constructed in four (4) phases at a total cost of \$19.3 million in 1998 dollars. The full bond authorization will be \$32.0 million to cover bond costs and inflation due to phasing. (See Exhibit C)

City Participation

Annual bond payments will be funded by property owners within the CFD. The City is owner of the 100.4 acre proposed sports stadium site. Although the stadium parcel is included within the district, the special tax formula has been structured such that the stadium property would not be subject to the annual special tax. The stadium property would however, be taxed at such time as the property developed, ownership is transferred or when the City has identified a funding mechanism acceptable to City Council. The Sacramento Kings will be paying the annual special tax on the Arco Arena parcel in accordance with the lease agreement with the City.

Landowner Cash Financing

Landowners may cash fund improvements and be reimbursed at a later time through bond proceeds when property has increased in value.

Special Tax Formula

The Rate and Method of Apportionment of the special tax is attached as Exhibit B to the Resolution of Intention.

Maximum Special Tax Rate

The maximum special tax rates for developed parcels are shown on Exhibit D. The rates escalate 2.0% per year from year one through the year 2040.

Parcels being annexed into the CFD in the future will be subject to a "catch-up tax." This tax is equal to the sum of the special taxes levied for development-restricted parcels within the same drainage basin for the prior ten fiscal years in which the special tax was levied times the gross acres of the annexing parcel.

Prepayment of Special Tax

Prepayment of the special tax will permanently satisfy a landowners special tax obligation. By selecting to prepay, a landowner can eliminate the future annual special tax liability for one or more parcels. Initial calculations of prepayment amounts (per acre) are indicated on Exhibit G.

City Council
North Natomas Community Facilities District No.2 R.O.I.
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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."

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.

MBE/WBE:

None. No goods or services are being purchased.

Respectfully submitted


Gary Alm
Manager, Development Services

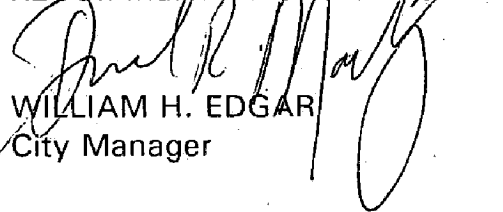
Respectfully submitted,


Gary Reents
Engineering Division Manager, Utilities Dept.

Approved:


Duane J. Wray
Manager, Technical Services Division

RECOMMENDATION APPROVED:


WILLIAM H. EDGAR
City Manager

Approved:


Michael Kashiwagi
Director of Public Works

MEMORANDUM OF PROCEEDINGS
TO BE CONSIDERED BY THE
CITY COUNCIL OF THE CITY OF SACRAMENTO
ON TUESDAY, APRIL 28, 1998
IN CONNECTION WITH THE
NORTH NATOMAS COMMUNITY FACILITIES
DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

It is in order for the City Council to consider the following items to initiate proceedings for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California ("CFD No. 2"):

A. Items for Council Action:

- ✓ 1. Resolution Approving an Agreement for Legal Services for Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Resolution [R-1]).
- ✓ 2. Resolution Declaring its Intention to Establish the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California, and to Levy a Special Tax Therein to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for such Community Facilities District (Resolution [R-2]).*
- ✓ 3. Resolution Declaring its Intention to Incur a Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Resolution [R-3]).

B. Items to be Filed with the City Clerk:

1. Boundary Map (Original and three (3) copies).
- ✓ 2. Notices:
 - (a) Notice of Public Hearing on Resolution of Intention to Establish the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California, and to Levy a Special Tax to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for such Community Facilities District (Notice [N-1]).

* Note the exhibits that must be attached to Resolution [R-2] before consideration by the City Council.

- (b) Notice of Public Hearing on Resolution of Intention to Incur a Bonded Indebtedness to Finance the Acquisition and Construction of Certain Public Drainage Facilities in and for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Notice [N-2]).

3. Affidavits:

- (a) Affidavit of Recording Boundary Map (Affidavit [A-1]).
- (b) Affidavit of Compliance with Requirement for Publishing Notice of Public Hearing on Resolution of Intention to Establish the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Affidavit [A-2]).
- (c) Affidavit of Compliance with Requirement for Mailing Notice of Public Hearing on Resolution of Intention to Establish the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Affidavit [A-3]).
- (d) Affidavit of Compliance with Requirement for Publishing Notice of Public Hearing on Resolution of Intention to Incur a Bonded Indebtedness for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Affidavit [A-4]).
- (e) Affidavit of Compliance with Requirement for Mailing Notice of Public Hearing on Resolution of Intention to Incur a Bonded Indebtedness for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (Affidavit [A-5]).

4. Certificate Relative to Voters [C-1]

C. Additional Instructions for the City Clerk:

1. Boundary Map:

- (a) On the original and three (3) copies of the Boundary Map:
 - (i) Fill in the filing date in the Clerk's office, using the date of the Council meeting, and sign the Clerk's filing certificate.
 - (ii) Fill in the Council approval certificate using the date of the Council meeting, enter the resolution number (Resolution [R-2]), and sign the Council approval certificate.

- (iii) Have the original Boundary Map filed for record in the office of the County Recorder of the County of Sacramento no later than fifteen (15) days prior to the date of the public hearing.
- (iv) Ask the County Recorder to conform the three (3) copies of the Boundary Map with the recording data. Keep one (1) conformed copy in the City Clerk's file of proceedings and send two (2) conformed copies to our office for the transcript files.

2. Notices of Public Hearings:

(a) Notice [N-1]:

- (i) In the first paragraph on page 1, fill in the blank the number of Resolution [R-2].
- (ii) Attach Exhibit A to the Notice.
- (iii) Sign the Notice.

(b) Notice [N-2]:

- (i) In the first paragraph on page 1, fill in the blank the number of Resolution [R-3].
- (ii) Sign the Notice.

3. Publication of Notices - After the Council meeting, please arrange to have the two Notices of Public Hearing [N-1] (together with Exhibit A) and [N-2] published once in the *Daily Recorder* at least seven (7) days prior to the public hearing, which publication date I understand is proposed for April 30, 1998. Please secure a proof of publication in triplicate, keep one copy in your file of proceedings and send two copies to our office.

4. Mailing of Notices - Please mail a copy of the two Notices of Public Hearing [N-1] (together with Exhibit A) and [N-2] by first-class mail, postage prepaid, to all property owners and registered voters within CFD No. 2 in accordance with the names and addresses as they appear on the records of the Sacramento County Treasurer-Tax Collector and the records of the Sacramento County Registrar of Voters; respectively, no later than fifteen (15) days prior to the public hearing, which mailing date I understand is proposed for April 30, 1998.

5. Affidavits:

Please complete and sign, in triplicate, each of the five Affidavits [A-1] through [A-5] listed in Item B.3. above and have them notarized. Keep the originals in the City Clerk's file of proceedings and return two (2) copies of each affidavit to our office.

6. Certificate Relative to Voters:

An original and two copies are to be signed by Gary Alm. Exhibit A is to be completed and attached to each copy of the signed certificate. Please keep the signed original in your file of proceedings and send two signed copies to our office.

7. Please send two (2) certified copies of the adopted resolutions to our office.

If you have any questions regarding these instructions, please call:

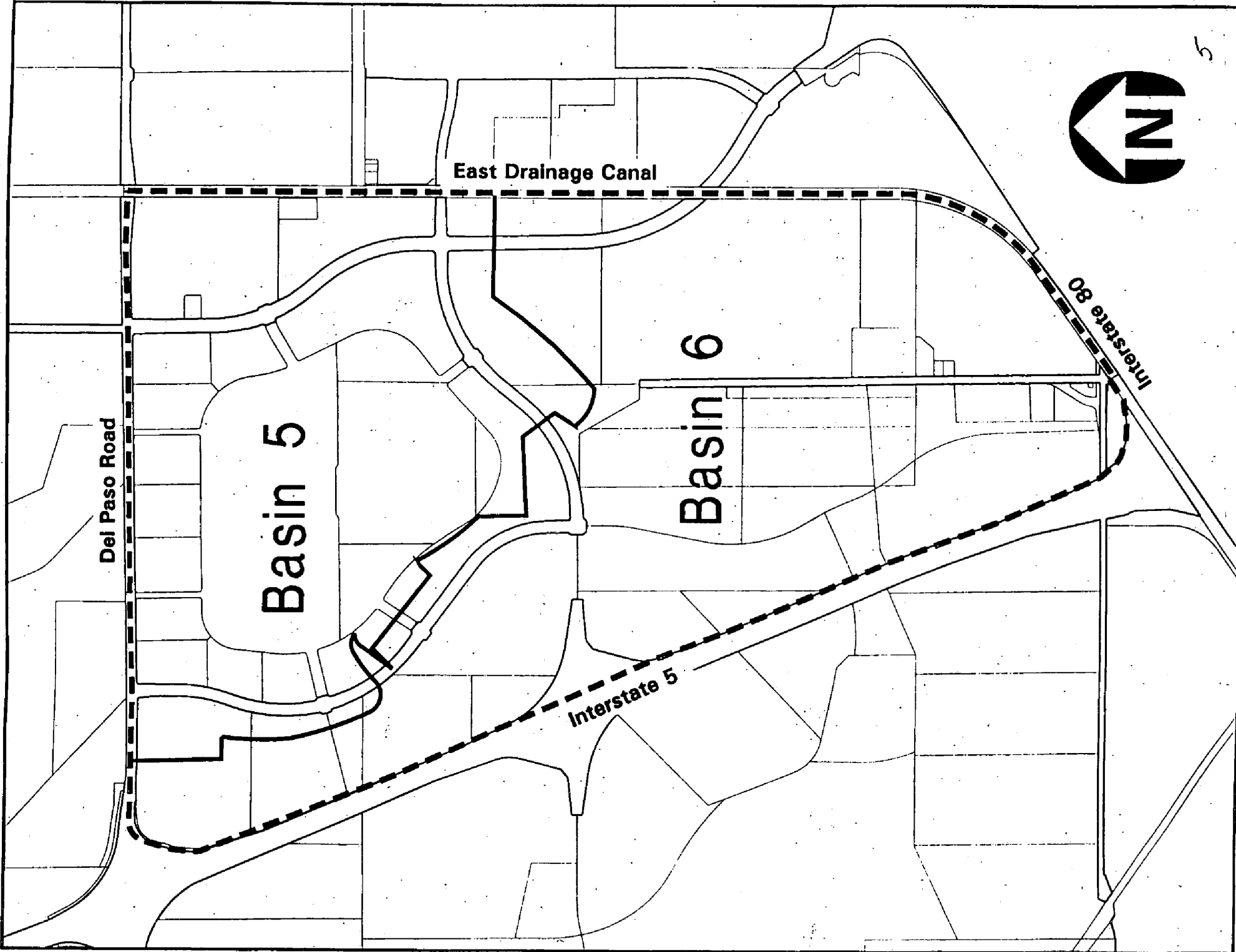
Carlo Fowler, Bond Attorney (415) 773-5884

or

Amy Wong, Legal Assistant (415) 773-4262

at

ORRICK, HERRINGTON & SUTCLIFFE LLP



NORTH NATOMAS CFD No. 2
(Basins 5 & 6)

16-Apr-98

SCHEDULE

28-Apr-98	City Council - Initiate Formation of Mello-Roos CFD Adopt resolution of intention to establish a CFD.
04-Jun-98	City Council Public Hearing on District Formation Adopt resolution of formation.
16-Jun-98	City Council - Special Election to Establish District and Authorize Bonds to be Issued
30-Jun-98	Sell Bonds

- ASSUMPTIONS:**
- 1) Use 35 days between ROI and Public Hearing.
 - 2) Use 14 days between Public Hearing and Election
 - 3) 100% Landowner Waivers

Exhibit C
North Natomas CFD No. 2
Drainage Basins 5 & 6
Facilities Costs and Bond Analysis

Item		1998 Bond Issue 1998 \$	2002 Bond Issue Inflated	2004 Bond Issue Inflated	Totals
<i>Purpose:</i>		<i>Shed 5 and Shed 6, Phase 1</i>	<i>Shed 6 Phase 2</i>	<i>Shed 6 Phase 4</i>	
Land funded through Mello-Roos CFD		\$1,495,998	\$903,754	\$0	\$2,399,752
Construction Costs		\$7,780,626	\$3,467,305	\$983,000	\$12,230,931
Soft Costs [1]		\$2,504,568	\$1,065,620	\$294,900	\$3,865,088
AD 88-03 Assessment Buyout		\$564,000	\$31,000	\$0	\$595,000
Reimbursements to City		\$500,000			\$500,000
Construction Proceeds (1998 \$)		\$12,845,192	\$5,467,679	\$1,277,900	\$19,590,771
Construction Proceeds Required (Inflated)	3.50%	\$12,845,192	\$6,274,287	\$1,570,865	\$20,690,345
Underwriter's Discount and Services [2]	5.00%	\$899,163	\$439,200	\$109,961	\$1,448,324
Bond Reserve Fund	9.00%	\$1,618,494	\$790,560	\$197,929	\$2,606,983
Capitalized Interest	15.00%	\$2,697,490	\$1,317,600	\$329,882	\$4,344,972
Interest on Construction Drawdown [3]		(\$77,071)	(\$37,646)	(\$9,425)	(\$124,142)
Total Bond Size		\$17,983,269	\$8,784,002	\$2,199,212	\$28,966,483
Bond Authorization					\$32,000,000

"cost_detail"

[1] Soft Costs include project engineering, administration, and contingency estimates.

[2] Services include bond counsel, special tax consultant, appraisal, official statement and bond printing.

[3] Estimate, used as a balancing factor.

**Attachment 1
North Natomas Drainage CFD No. 97-02
Maximum Special Tax Rates for Developable Parcels [1]**

Fiscal Year Ending	Fiscal Year Ending	Maximum Special Tax					
		Drainage Shed 5 Parcels			Drainage Shed 6 Parcels		
		Per Gross Acre	Per Gross Developable Acre	Per Net Acre	Per Gross Acre	Per Gross Developable Acre	Per Net Acre
	<i>June 30</i>						
1999	1999	\$2,180	\$2,520	\$2,770	\$2,680	\$3,090	\$3,400
2000	2000	\$2,224	\$2,571	\$2,825	\$2,734	\$3,152	\$3,468
2001	2001	\$2,268	\$2,622	\$2,882	\$2,788	\$3,215	\$3,537
2002	2002	\$2,313	\$2,674	\$2,940	\$2,844	\$3,279	\$3,608
2003	2003	\$2,360	\$2,728	\$2,998	\$2,901	\$3,345	\$3,680
2004	2004	\$2,407	\$2,782	\$3,058	\$2,959	\$3,412	\$3,754
2005	2005	\$2,455	\$2,838	\$3,119	\$3,018	\$3,480	\$3,829
2006	2006	\$2,504	\$2,895	\$3,182	\$3,079	\$3,549	\$3,905
2007	2007	\$2,554	\$2,953	\$3,245	\$3,140	\$3,620	\$3,984
2008	2008	\$2,605	\$3,012	\$3,310	\$3,203	\$3,693	\$4,063
2009	2009	\$2,657	\$3,072	\$3,377	\$3,267	\$3,767	\$4,145
2010	2010	\$2,711	\$3,133	\$3,444	\$3,332	\$3,842	\$4,227
2011	2011	\$2,765	\$3,196	\$3,513	\$3,399	\$3,919	\$4,312
2012	2012	\$2,820	\$3,260	\$3,583	\$3,467	\$3,997	\$4,398
2013	2013	\$2,876	\$3,325	\$3,655	\$3,536	\$4,077	\$4,486
2014	2014	\$2,934	\$3,392	\$3,728	\$3,607	\$4,159	\$4,576
2015	2015	\$2,993	\$3,460	\$3,803	\$3,679	\$4,242	\$4,667
2016	2016	\$3,053	\$3,529	\$3,879	\$3,753	\$4,327	\$4,761
2017	2017	\$3,114	\$3,599	\$3,956	\$3,828	\$4,413	\$4,856
2018	2018	\$3,176	\$3,671	\$4,035	\$3,904	\$4,502	\$4,953
2019	2019	\$3,239	\$3,745	\$4,116	\$3,983	\$4,592	\$5,052
2020	2020	\$3,304	\$3,820	\$4,198	\$4,062	\$4,683	\$5,153
2021	2021	\$3,370	\$3,896	\$4,282	\$4,143	\$4,777	\$5,256
2022	2022	\$3,438	\$3,974	\$4,368	\$4,226	\$4,873	\$5,361
2023	2023	\$3,506	\$4,053	\$4,455	\$4,311	\$4,970	\$5,469
2024	2024	\$3,577	\$4,135	\$4,544	\$4,397	\$5,069	\$5,578
2025	2025	\$3,648	\$4,217	\$4,635	\$4,485	\$5,171	\$5,690
2026	2026	\$3,721	\$4,302	\$4,728	\$4,575	\$5,274	\$5,803
2027	2027	\$3,795	\$4,388	\$4,823	\$4,666	\$5,380	\$5,919
2028	2028	\$3,871	\$4,475	\$4,919	\$4,760	\$5,487	\$6,038
2029	2029	\$3,949	\$4,565	\$5,017	\$4,855	\$5,597	\$6,159
2030	2030	\$4,028	\$4,656	\$5,118	\$4,952	\$5,709	\$6,282
2031	2031	\$4,108	\$4,749	\$5,220	\$5,051	\$5,823	\$6,407
2032	2032	\$4,190	\$4,844	\$5,324	\$5,152	\$5,940	\$6,536
2033	2033	\$4,274	\$4,941	\$5,431	\$5,255	\$6,058	\$6,666
2034	2034	\$4,360	\$5,040	\$5,540	\$5,360	\$6,180	\$6,800
2035	2035	\$4,447	\$5,141	\$5,650	\$5,467	\$6,303	\$6,936
2036	2036	\$4,536	\$5,244	\$5,763	\$5,577	\$6,429	\$7,074
2037	2037	\$4,627	\$5,348	\$5,879	\$5,688	\$6,558	\$7,216
2038	2038	\$4,719	\$5,455	\$5,996	\$5,802	\$6,689	\$7,360
2039	2039	\$4,814	\$5,565	\$6,116	\$5,918	\$6,823	\$7,507
2040	2040	\$4,910	\$5,676	\$6,238	\$6,036	\$6,959	\$7,657

"attachment_1"

[1] The Maximum Annual Special Tax for Development-Restricted Parcels is set at 50 percent of the Maximum Annual Special Tax for Developable Parcels shown above.

Attachment 2
North Natomas Drainage CFD No. 97-02
Estimated Base Prepayment Amount
 (Amounts shown are subject to change annually)

	Column 1	Column 2	Column 3
	Prior to 1st Bond Sale	Between 1st & Last Bond Sale	After Last Bond Sale
	1998\$	Inflated \$	Inflated \$
Construction and Formation Cost - 1998	\$19,590,771	\$20,690,345	\$20,690,345
Estimated Bonds - Inflated \$ [1]	n/a	\$32,000,000 authorization	\$28,966,483 estimated
Shed 5 Parcels Prepayment			
<i>Share of Facilities Cost</i>	40.99%	40.99%	40.99%
Gross Acre	\$15,437	\$25,215	\$22,824
Gross Developable Acre	\$17,643	\$28,819	\$26,087
Net Acre	\$19,590	\$31,999	\$28,965
Shed 6 Parcels Prepayment			
<i>Share of Facilities Cost</i>	59.01%	59.01%	59.01%
Gross Acre	\$18,956	\$30,963	\$28,028
Gross Developable Acre	\$21,665	\$35,389	\$32,034
Net Acre	\$24,056	\$39,293	\$35,569
Initial Estimated CFD Acreage			
	<u>Shed 5</u>	<u>Shed 6</u>	<u>Total</u>
Gross Acres [3]	520.2	609.9	1,130.1
Gross Developable Acres [3]	455.1	533.6	988.7
Net Acres [3]	409.9	480.6	890.5

Notes: Assumes 7.5% reserve fund credit.

"prepayment"

- [1] Determined annually under Step 2 of the Prepayment formula described in Section 6.
- [2] Determined annually under Step 3 of the Prepayment formula described in Section 6. Add to these amounts the additional costs described under Steps 6 and 9 of Section 6 to arrive at the total Prepayment Amount.
- [3] Determined annually under Step 1 of the Prepayment formula described in Section 6.

RESOLUTION NO. 98-143

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVED
BY THE CITY COUNCIL
APR 28 1998
OFFICE OF THE
CITY CLERK

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO DECLARING ITS INTENTION TO ESTABLISH THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") has duly considered the advisability and necessity of establishing a community facilities district in the area of the City commonly known as North Natomas Drainage Basins 5 & 6 and levying a special tax therein to pay for the acquisition and construction of public drainage facilities in and for such 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"); and

WHEREAS, the Council has determined that the establishment of such community facilities district is consistent with and follows the local goals and policies concerning the use of the Act that have been adopted by the Council and are now in effect; and

WHEREAS, the Council is fully advised in this matter;

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. It is the intention of the Council to and the Council hereby proposes to establish a community facilities district under and pursuant to the terms and provisions of the Act, to be known and designated as the "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), with the boundaries of the territory proposed for inclusion in the Community Facilities

FOR CITY CLERK USE ONLY

District being more particularly described and shown on that certain map entitled "Proposed Boundaries of North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" now on file in the office of the City Clerk of the City of Sacramento, a copy of which map is marked Exhibit A and is attached hereto and incorporated herein and made a part hereof; and the City Clerk of the City is hereby authorized and directed to record a copy of such map with the County Recorder of Sacramento County in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

Section 3. It is the intention of the Council to finance the acquisition and construction of those public facilities hereinafter referred to (all of which have an estimated useful life of five (5) years or longer) under and pursuant to the Act in and for the Community Facilities District (which are public 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), which public facilities constitute pipes, collection drains and channels, pump stations, detention basins and outfall drains (collectively, the "Facilities"). 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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities.

Section 4. It is the intention of the Council that, 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 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 real property in the Community Facilities District, will 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 B, 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 the special tax may be prepaid and permanently satisfied as provided therein; provided, that in the case of any special tax to pay for the acquisition and construction of the Facilities that is to be levied against any

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RESOLUTION NO.: _____

DATE ADOPTED: _____

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 2039-2040, 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 of parcels of land within the Community Facilities District.

Section 5. It is the intention of the Council, pursuant to Section 53317.3 of the Government Code of the State of California, to continue to levy the special tax on property (that is not otherwise exempt from the special tax) that is acquired by a public entity through a negotiated transaction, or by gift or devise.

Section 6. It is the intention of the Council, pursuant to Section 53317.5 of the Government Code of the State of California, to treat the obligation to pay 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.

Section 7. 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 8. It is the intention of the Council, pursuant to Section 53325.7 of the Government Code of the State of California, to establish an appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the Community Facilities District.

Section 9. Notice is given that Thursday, the 4th day of June, 1998, 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, has been fixed by the Council as the 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 and all other matters as set forth in this resolution. At such public hearing, any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers 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 or construction of any of the Facilities proposed therefor, or on any other matters set forth herein, will be heard and considered. Any protests to the foregoing may be made orally or

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DATE ADOPTED: _____

in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made; and the Council may waive any irregularities in the form or content of any written protest and at such public hearing may correct minor defects in such proceedings. All written protests shall be filed with the City Clerk of the City on or before the time fixed for such public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such public hearing. If the Council determines at the conclusion of such public hearing to proceed with the establishment of the Community Facilities District, the proposed voting procedure shall be by landowners voting in accordance with the Act.

Section 10. The Director of Public Works of the City is hereby directed and ordered to study the Community Facilities District and, at or before the time of such public hearing, to cause to be prepared and filed with the Council a report which shall contain a brief description of the Facilities by type which in his opinion will be required to adequately meet the needs of the Community Facilities District, together with an estimate of the cost for financing the acquisition and construction of the Facilities and an estimate of the incidental expenses related thereto, and which such report shall further contain any other material that is related to the Facilities or the Community Facilities District, including an estimate of the fair and reasonable cost of any completed Facilities to be purchased by the Community Facilities District and the fair and reasonable costs of the incidental expenses to be repaid for the Community Facilities District. Such report shall, upon its presentation, be submitted to the Council for review, and shall be made a part of the record of the public hearing on this resolution of intention to establish the Community Facilities District.

Section 11. In the opinion of the Council, the public interest will not be served by allowing the property owners in the Community Facilities District to enter into a contract pursuant to Section 53329.5(a) of the Government Code of the State of California to do the work to be financed under the Act.

Section 12. Notice of the time and place of such public hearing shall be given by the City Clerk of the City in the following manner:

(a) A Notice of Public Hearing in the form required by the Act shall be published in the Daily Recorder, a newspaper of general circulation published in the area of the Community Facilities District, which such publication shall be made pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven (7) days prior to the date set for such public hearing; and

(b) A Notice of Public Hearing in the form required by the Act shall be mailed, first class postage prepaid, to each property owner and to each registered voter within the boundaries of the Community Facilities District, which such mailing to such

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DATE ADOPTED: _____

property owners shall be made to such property owners at their addresses as shown on the records of the Sacramento County Treasurer-Tax Collector, and which such mailing to such registered voters shall be made to such registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters, or in either case as otherwise known to the City Clerk of the City, and which such mailing shall be completed at least fifteen (15) days prior to the date set for such public hearing.

PASSED AND ADOPTED by the City Council of the City of Sacramento this 28th day of April, 1998, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

[SEAL]

FOR CITY CLERK USE ONLY.

RESOLUTION NO.: _____

DATE ADOPTED: _____

Proposed Boundaries of
NORTH NATOMAS
COMMUNITY FACILITIES DISTRICT NO. 2
City of Sacramento, County of Sacramento
State of California
Page 1 of 1



 Excluded from CFD

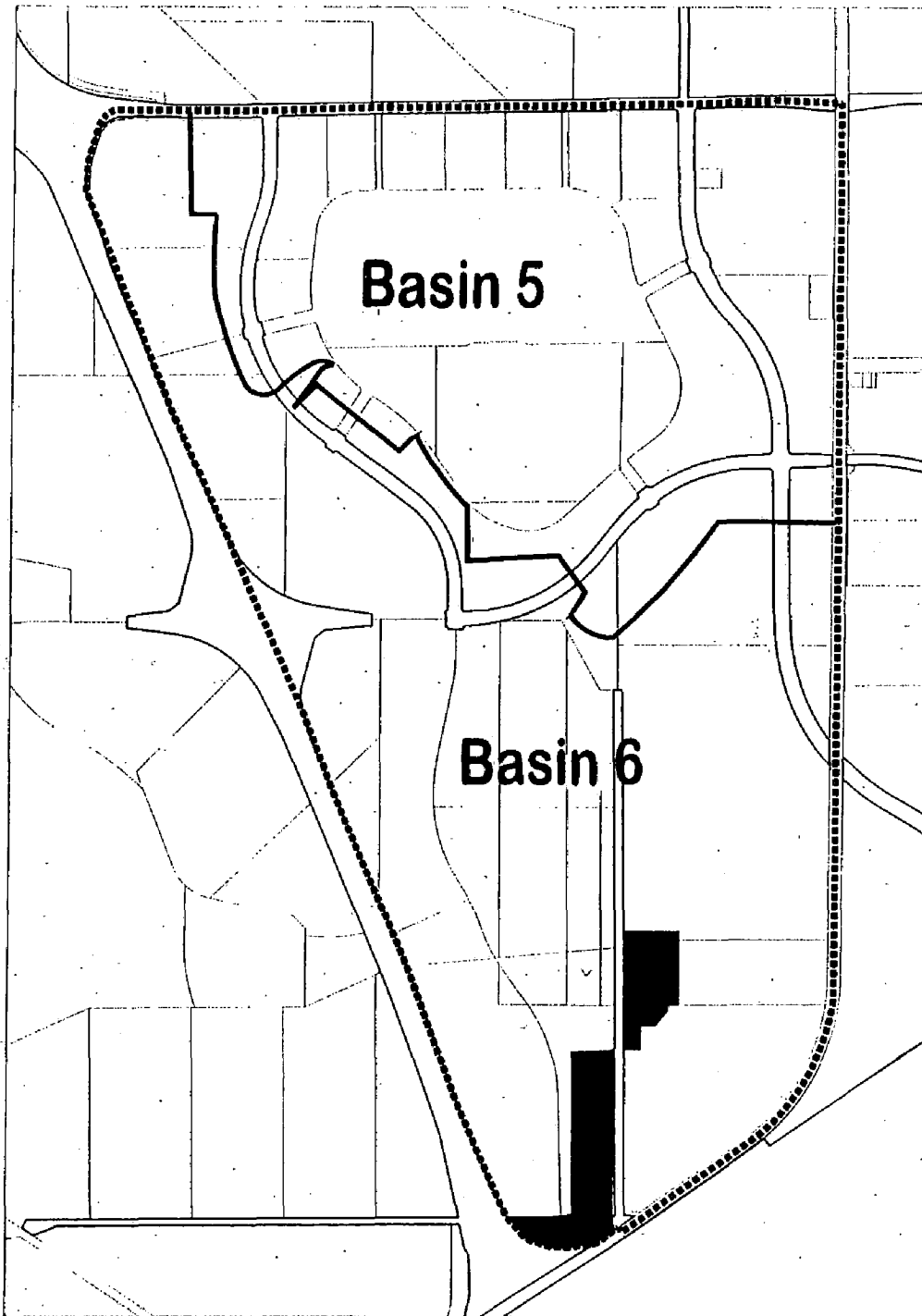


EXHIBIT A

CLERK'S MAP FILING STATEMENT
FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
THIS ___ DAY OF ___, 19__

CITY CLERK, CITY OF SACRAMENTO

CLERK'S CERTIFICATE
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED
BOUNDARIES OF THE NORTH NATOMAS DRAINAGE COMMUNITY
FACILITIES DISTRICT, 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 ___, 19__, BY ITS
RESOLUTION NO. ___.

CITY CLERK, CITY OF SACRAMENTO

COUNTY RECORDER'S FILING STATEMENT
FILED THIS ___ DAY OF ___, 19__ 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 COUNTY RECORDER OF THE COUNTY OF
SACRAMENTO, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE
COUNTY OF SACRAMENTO,
CALIFORNIA

EXHIBIT B
City of Sacramento, California
North Natomas Drainage Basins 5 & 6
Community Facilities District No. 2

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 North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 (the "CFD") of the City of Sacramento (the "City") 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.

"Annexation Parcel" means a Parcel that was not included within the boundaries of the CFD at the time of formation. Later participation in the CFD requires annexation proceedings.

"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, less any grants/other project funding and/or less the application of any funds available from

Prepayments as described in Section 6. The total Annual Costs shall be limited to those necessary to provide the Authorized Facilities.

"Arena Parcel" means the Parcel with Assessor Parcel Number 225-0070-060 that is owned by the City at the formation of the CFD. This Parcel is leased to a nonexempt leasehold interest and is subject to levy of the Maximum Annual Special Tax in the same manner as any other Taxable Parcel pursuant to Section 53340.1 of the Act.

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

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

"Base Fiscal Year" means the Fiscal Year beginning July 1, 1998 and ending June 30, 1999.

"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.

"Catch-up Special Tax" means a one-time special tax assigned to Annexation Parcels or Remediation Parcels as described in Section 4.

"CFD" means the North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 of the City of Sacramento, California.

"City" means City of Sacramento, California.

"Council" means the City Council of the City of Sacramento 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 for any bonds, notes or certificates of participation of the City for 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.

"Developable Parcel" means a Parcel that is developable as a result of the construction of drainage improvements funded by outstanding bonds of the CFD.

"Development-Restricted Parcel" means a Parcel that is not developable until additional drainage improvements are funded by the CFD. The Maximum Annual Special Tax Rate for a Development-Restricted Parcel is set at fifty percent (50%) of a Developable Parcel's Maximum Annual Special Tax Rate for the given Parcel. (Note: The CFD Financing Plan

assumes a series of bond issues and some parcels may not be have adequate drainage until facilities are constructed in a later bond issue.)

"Drainage Shed 5 Parcel" means a Parcel located within Drainage Shed 5 as shown in Attachment 3.

"Drainage Shed 6 Parcel" means a Parcel located within Drainage Shed 6 as shown in Attachment 3.

"Estimated Net Acres" means the actual Net Acre of a Parcel(s) or an approximation of the Net Acres based upon the total Gross Developable Acres less an allowance for minor streets as indicated in the North Natomas Community Plan.

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

"Gross Acre" means the entire area of a Parcel prior to dedication of major streets, schools, parks, open space and other public right-of-way.

"Gross Developable Acre" means the area of a Parcel associated with residential and non-residential uses after dedication of major streets, but prior to dedication of minor streets.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres (Gross, Gross Developable, or Net) or units of the parcel.

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

"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.

"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 Development" means a Taxable Parcel designated for commercial, office, light industrial, sports complex, or similar use as defined in the North Natomas Community Plan.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of March 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 all of the 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 all of the 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 in the North Natomas Community Plan as adopted by the City--or as subsequently 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, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes as described below. The Arena and Stadium Parcels are not defined as Public Parcels. These Parcels have separate definitions.

"Reimbursement Parcel" means a Parcel for which the Parcel owner has advance-funded all of the Parcel's allocated CFD drainage improvement costs, as determined by the City, but has not received any reimbursement from CFD bond proceeds. Once a reimbursement has been made, the Parcel shall be reclassified as a Developable Parcel or a Development-Restricted Parcel.

"Remediation Parcel" means a Parcel within Assessor Parcel Numbers (APN) 225-015-14, 225-015-15, 225-015-18, 225-015-28, 225-015-30 and 225-015-032 that contain toxics and therefore require cleanup and abatement. A Remediation Parcel shall remain non-taxable until the City declares it to have been remediated. Once declared remediated, that Parcel shall become a Taxable Parcel.

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

"Stadium Parcel" means the Parcel with Assessor Parcel Number 225-0070-076 that is owned by the City at the formation of the CFD. This Parcel will remain a Tax-Exempt Parcel until it is transferred to private ownership, through sale or lease; or when there a funding mechanism to pay Special Taxes that is acceptable to the City Council is identified.

"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 or a Remediation 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) any Prepayment Parcel, and the (iii) the Stadium Parcel (subject to the limitations set-forth

above and in Section 4). Certain non-developable privately owned Parcels, such as common areas, wetlands, and open space, may also be exempt from the levy of Special Taxes as determined by the City.

3. Termination of the Special Tax

The Special Tax will be levied 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 2039-2040.

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, Remediation Parcel, Reimbursement Parcel, or a Taxable Parcel;

However, Taxable Parcels that are 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 Public Parcels, such as a school site, are relocated and the previously Tax-Exempt Parcels of comparable acreage become Taxable Parcels. This trading of Parcels will be permitted to the extent that there is no net loss in maximum Special Tax revenue.

2. Each Taxable Parcel to be further classified as a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.
3. Then each Taxable Parcel to be further classified as a Developable Parcel, Development-Restricted Parcel, or Prepayment Parcel. Once classified as a Developable Parcel, no Parcel shall be removed from that classification unless the Parcel becomes a Prepayment Parcel.

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

shall be if a Prepayment occurs after the Development Year in accordance with Section 6 below.

2. Development-Restricted Parcels

The Maximum Special Tax Rates of Development-Restricted Parcels shall be 50% of the Maximum Special Tax Rates for Developable Parcels as shown on **Attachment 1**.

3. Reimbursement Parcels

The Maximum Special Tax Rate for a Reimbursement Parcel shall be set to zero until it is reclassified as a Developable Parcel or a Development-Restricted Parcel.

4. Residential Parcels

The Maximum Special Tax Rate for a single-family residential, duplex, and condominium Parcel shall be calculated by the following steps:

- a) calculate the total Maximum Special Tax Revenue for the Net Acres of the Final Map or Parcel Map creating the single-family, duplex, or condominium Parcels; and,
- b) divide the Maximum Special Tax Revenue from a) by the total number of Parcels created in the Final Map or Parcel Map.

5. Stadium Parcel

The Maximum Special Tax Rate for the Stadium Parcel shall be set to zero until it is transferred to private ownership through a sale, is controlled by a private entity through a lease, or a funding mechanism acceptable to the City Council is identified to pay the Special Taxes. Once one of these events occurs, the Stadium Parcel shall be treated as a Developed Parcel for purposes of setting the Maximum Annual Special Tax.

6. Arena Parcel

The Arena Parcel will be treated as any other Taxable Parcel for purposes of setting the Maximum Annual Special Tax.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt 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 the 4.A and 4.B above and excluded from the provisions of Section 4.C. The catch-up tax provisions described in Section 4.C.1 will not apply to a Parcel converted to a Taxable Parcel under this section.

5. Calculating Annual Special Taxes

The City shall compute the Annual Costs 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. Computes the Annual Cost using the definition in Section 2 for the Fiscal Year.
- B. Calculate the Special Tax for each Taxable Parcel by the following steps:
 - Determine if sufficient special tax revenues are available by taxing each Developable Parcel at 100% of its Maximum Annual Special Tax. If revenues are greater than the Annual Costs, the tax is reduced proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
 - If revenues from taxing Developable Parcels at 100% of their Maximum Annual Special Tax are not sufficient, the City will then proportionately levy the tax on Development-Restricted Parcels up to 100% of their Maximum Annual Special Tax (50% of their Maximum Annual Special Tax as Developable Parcels) 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, and any Catch-up 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 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 BASE PREPAYMENT AMOUNT (for Attachment 2)

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. The annual base Prepayment amount shall be calculated using the following steps.

- Step 1: Determine the total number of acres within the CFD in each of the following categories: Gross Acres, Gross Developable Acres, and Net Acres. The acreage of all prior Prepayment Parcels will be excluded from the calculation of total acres.
- Gross Acres equal the original Gross Acres at the formation of the CFD plus any acreage that has been annexed into the CFD.
 - If the acreage in the Gross Developable Acreage category is not known, it will be set by multiplying Gross Acres by a factor of 0.729.
 - If the acreage in the Net Acreage category is not known, it will be set by multiplying Gross Developable Acres by a factor of 0.857.

Step 2: Determine the amount of the facility construction cost including CFD formation costs; total bond authorization; or total outstanding bonds, if all bonds have been issued. The facility construction cost will be based on the cost of facilities that have been constructed or bid plus the estimated cost of facilities yet to be constructed or bid with inflation to date.

Step 3: Calculate the base Prepayment amount per acre based on the location of the Prepayment Parcel:

Drainage Shed 5 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Drainage Shed 6 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Step 4: Update **Attachment 2** based on the above calculations to reflect the base Prepayment amount per acre for the upcoming Fiscal Year. The **Attachment 2** included in this document is as of the formation of the CFD based on the current estimated acreage, by category, and estimated costs.

DETERMINE TOTAL PREPAYMENT AMOUNT FOR PREPAYING PARCEL

The following steps will be used to determine a Parcel's total Prepayment Amount.

Step 5: Determine whether the acreage of the Parcel making a Prepayment is Gross Acres, Gross Developable Acres, or Net Acres and determine whether the Parcel is a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.

Prior to First Bond Sale (skip to Step 8 if bonds have been sold)

Step 6: If the Prepayment is made prior to the first bond sale, the City will determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from column 1 of **Attachment 2**--for the appropriate acreage and location category--by the Parcel's total acreage.

Step 7: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 5 and the City's administrative cost for calculating these amounts.

Subsequent to the Initial Sale of Bonds

Step 8: Determine if all bonds have been sold or if the District is between the first and last bond sale. This will determine the bond issuance category for the base Prepayment amount. If the District is between the first and last bond sale, column 2 of **Attachment 2** will be used. If all bonds have been sold, column 3 of **Attachment 2** will be used.

Step 9: Determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from either column 2 or 3 of **Attachment 2**--for the appropriate acreage, location, and bond issuance category--by the Parcel's total acreage.

Step 10: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 9 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, early call penalties, and other expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

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 Parcel acreage (gross, gross developable or net);
- the Maximum Annual Special Taxes which applied in each Fiscal Year; and
- the authorized Special Taxes levied in each Fiscal Year.

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

8. Appeals

Any taxpayer that 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

*North Natomas Drainage Basins 5 & 6 CFD No. 2
Rate and Method of Apportionment
April 13, 1998*

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 Drainage CFD No. 97-02
Maximum Special Tax Rates for Developable Parcels [1]

Fiscal Year Ending	Fiscal Year Ending	Maximum Special Tax					
		Drainage Shed 5 Parcels			Drainage Shed 6 Parcels		
		Per Gross Acre	Per Gross Developable Acre	Per Net Acre	Per Gross Acre	Per Gross Developable Acre	Per Net Acre
	<i>June 30</i>						
1999	1999	\$2,180	\$2,520	\$2,770	\$2,680	\$3,090	\$3,400
2000	2000	\$2,224	\$2,571	\$2,825	\$2,734	\$3,152	\$3,468
2001	2001	\$2,268	\$2,622	\$2,882	\$2,788	\$3,215	\$3,537
2002	2002	\$2,313	\$2,674	\$2,940	\$2,844	\$3,279	\$3,608
2003	2003	\$2,360	\$2,728	\$2,998	\$2,901	\$3,345	\$3,680
2004	2004	\$2,407	\$2,782	\$3,058	\$2,959	\$3,412	\$3,754
2005	2005	\$2,455	\$2,838	\$3,119	\$3,018	\$3,480	\$3,829
2006	2006	\$2,504	\$2,895	\$3,182	\$3,079	\$3,549	\$3,905
2007	2007	\$2,554	\$2,953	\$3,245	\$3,140	\$3,620	\$3,984
2008	2008	\$2,605	\$3,012	\$3,310	\$3,203	\$3,693	\$4,063
2009	2009	\$2,657	\$3,072	\$3,377	\$3,267	\$3,767	\$4,145
2010	2010	\$2,711	\$3,133	\$3,444	\$3,332	\$3,842	\$4,227
2011	2011	\$2,765	\$3,196	\$3,513	\$3,399	\$3,919	\$4,312
2012	2012	\$2,820	\$3,260	\$3,583	\$3,467	\$3,997	\$4,398
2013	2013	\$2,876	\$3,325	\$3,655	\$3,536	\$4,077	\$4,486
2014	2014	\$2,934	\$3,392	\$3,728	\$3,607	\$4,159	\$4,576
2015	2015	\$2,993	\$3,460	\$3,803	\$3,679	\$4,242	\$4,667
2016	2016	\$3,053	\$3,529	\$3,879	\$3,753	\$4,327	\$4,761
2017	2017	\$3,114	\$3,599	\$3,956	\$3,828	\$4,413	\$4,856
2018	2018	\$3,176	\$3,671	\$4,035	\$3,904	\$4,502	\$4,953
2019	2019	\$3,239	\$3,745	\$4,116	\$3,983	\$4,592	\$5,052
2020	2020	\$3,304	\$3,820	\$4,198	\$4,062	\$4,683	\$5,153
2021	2021	\$3,370	\$3,896	\$4,282	\$4,143	\$4,777	\$5,256
2022	2022	\$3,438	\$3,974	\$4,368	\$4,226	\$4,873	\$5,361
2023	2023	\$3,506	\$4,053	\$4,455	\$4,311	\$4,970	\$5,469
2024	2024	\$3,577	\$4,135	\$4,544	\$4,397	\$5,069	\$5,578
2025	2025	\$3,648	\$4,217	\$4,635	\$4,485	\$5,171	\$5,690
2026	2026	\$3,721	\$4,302	\$4,728	\$4,575	\$5,274	\$5,803
2027	2027	\$3,795	\$4,388	\$4,823	\$4,666	\$5,380	\$5,919
2028	2028	\$3,871	\$4,475	\$4,919	\$4,760	\$5,487	\$6,038
2029	2029	\$3,949	\$4,565	\$5,017	\$4,855	\$5,597	\$6,159
2030	2030	\$4,028	\$4,656	\$5,118	\$4,952	\$5,709	\$6,282
2031	2031	\$4,108	\$4,749	\$5,220	\$5,051	\$5,823	\$6,407
2032	2032	\$4,190	\$4,844	\$5,324	\$5,152	\$5,940	\$6,536
2033	2033	\$4,274	\$4,941	\$5,431	\$5,255	\$6,058	\$6,666
2034	2034	\$4,360	\$5,040	\$5,540	\$5,360	\$6,180	\$6,800
2035	2035	\$4,447	\$5,141	\$5,650	\$5,467	\$6,303	\$6,936
2036	2036	\$4,536	\$5,244	\$5,763	\$5,577	\$6,429	\$7,074
2037	2037	\$4,627	\$5,348	\$5,879	\$5,688	\$6,558	\$7,216
2038	2038	\$4,719	\$5,455	\$5,996	\$5,802	\$6,689	\$7,360
2039	2039	\$4,814	\$5,565	\$6,116	\$5,918	\$6,823	\$7,507
2040	2040	\$4,910	\$5,676	\$6,238	\$6,036	\$6,959	\$7,657

"attachment_1"

[1] The Maximum Annual Special Tax for Development-Restricted Parcels is set at 50 percent of the Maximum Annual Special Tax for Developable Parcels shown above.

Attachment 2
North Natomas Drainage CFD No. 97-02
Estimated Base Prepayment Amount
(Amounts shown are subject to change annually)

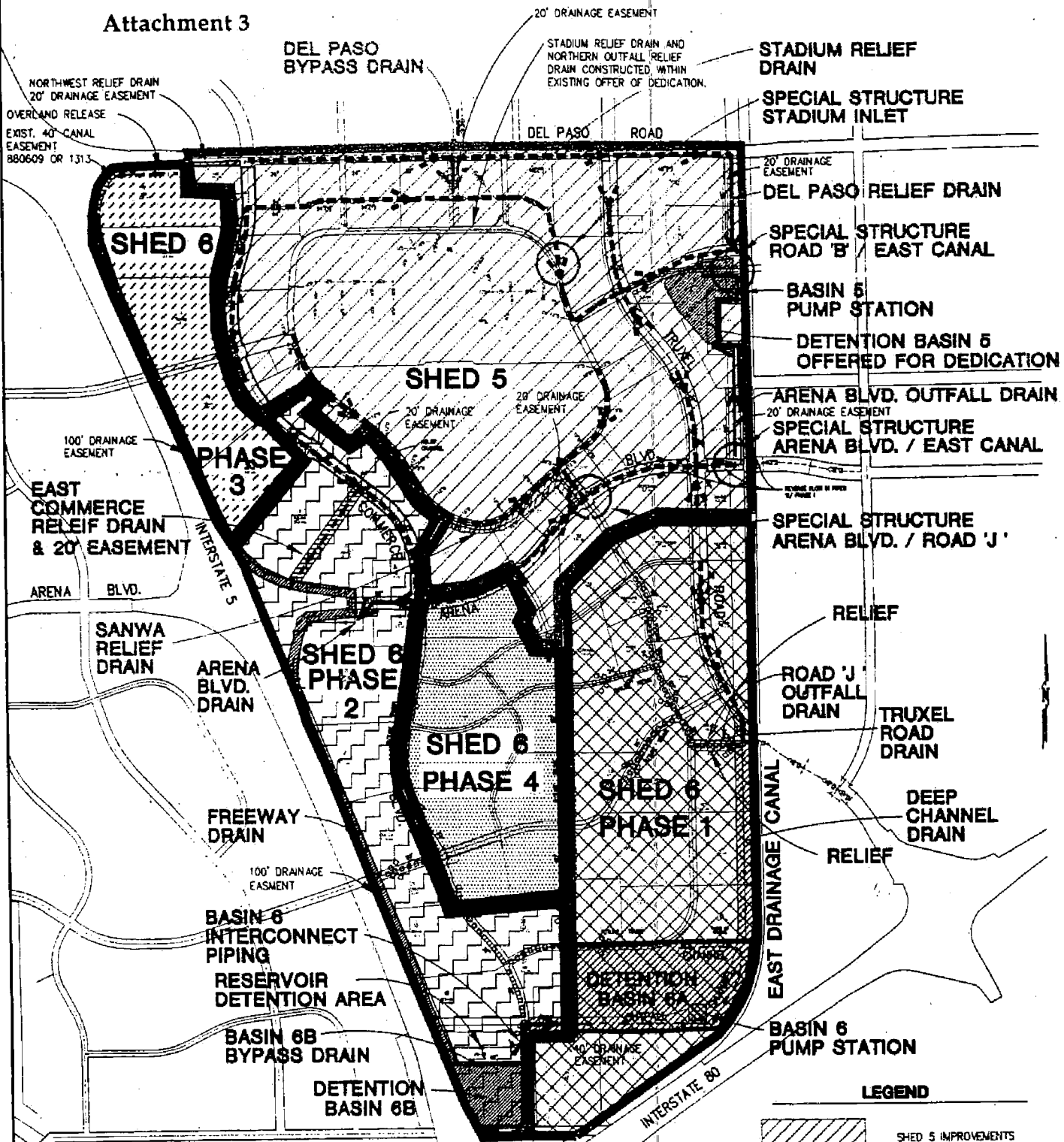
	Column 1	Column 2	Column 3
	Prior to 1st Bond Sale	Between 1st & Last Bond Sale	After Last Bond Sale
	1998\$	Inflated \$	Inflated \$
Construction and Formation Cost - 1998	\$19,590,771	\$20,690,345	\$20,690,345
Estimated Bonds - Inflated \$ [1]	n/a	\$32,000,000 authorization	\$28,966,483 estimated
Shed 5 Parcels Prepayment			
<i>Share of Facilities Cost</i>	40.99%	40.99%	40.99%
Gross Acre	\$15,437	\$25,215	\$22,824
Gross Developable Acre	\$17,643	\$28,819	\$26,087
Net Acre	\$19,590	\$31,999	\$28,965
Shed 6 Parcels Prepayment			
<i>Share of Facilities Cost</i>	59.01%	59.01%	59.01%
Gross Acre	\$18,956	\$30,963	\$28,028
Gross Developable Acre	\$21,665	\$35,389	\$32,034
Net Acre	\$24,056	\$39,293	\$35,569
Initial Estimated CFD Acreage			
	<u>Shed 5</u>	<u>Shed 6</u>	<u>Total</u>
Gross Acres [3]	520.2	609.9	1,130.1
Gross Developable Acres [3]	455.1	533.6	988.7
Net Acres [3]	409.9	480.6	890.5

Notes: Assumes 7.5% reserve fund credit.

"prepayment"



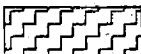
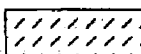

- [1] Determined annually under Step 2 of the Prepayment formula described in Section 6.
- [2] Determined annually under Step 3 of the Prepayment formula described in Section 6. Add to these amounts the additional costs described under Steps 6 and 9 of Section 6 to arrive at the total Prepayment Amount.
- [3] Determined annually under Step 1 of the Prepayment formula described in Section 6.




Attachment 3



NOTES:
1. FOR DRAINAGE SYSTEM & NODE IDENTIFICATIONS
SEE FIGURE 'J'

LEGEND

-  SHED 5 IMPROVEMENTS
-  SHED 6 PHASE 1 IMPROVEMENTS
-  SHED 6 PHASE 2 IMPROVEMENTS
-  SHED 6 PHASE 3 IMPROVEMENTS
-  SHED 6 PHASE 4 IMPROVEMENTS

<p>REVISED</p> <p>1</p> <p>1</p>	 <p>VAIL ENGINEERING CORPORATION CIVIL ENGINEERS & PLANNERS 5555 HOWE CIRCLE SUITE 200 SACRAMENTO, CA 95828 (916) 486-2222</p>	<p>FIGURE K</p> <p>FACILITY PHASING EXHIBIT</p> <p>PROPOSED FACILITIES FOR SHEDS 5 AND 6</p> <p>CITY OF SACRAMENTO, CALIFORNIA</p>		<p>DATE: 02/28/2011</p> <p>SCALE: 1" = 600'</p> <p>DESIGNED BY: [Name]</p> <p>DRAWN BY: [Name]</p> <p>CHECKED BY: [Name]</p>	 <p>KEY MAP</p>	<p>Revisions</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>NO.</th> <th>DATE</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> </tr> <tr> <td>5</td> <td></td> <td></td> </tr> </tbody> </table>	NO.	DATE	DESCRIPTION	1			2			3			4			5		
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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 28th day of April, 1998, of which meeting all of the members of said 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:

NOES:

ABSENT:

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at the City Council Chambers, 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: _____, 1998.

City Clerk of the City
of Sacramento

[SEAL]

APPROVED
BY THE CITY COUNCIL
APR 28 1998
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-144

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO DECLARING ITS INTENTION TO INCUR A BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") has duly adopted Resolution No. ____ (the "Resolution") on April 28, 1998, wherein it declared its intention 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 "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), and to levy a special tax therein to finance the acquisition and construction of certain public drainage facilities (the "Facilities," as that term is defined in the Resolution) in and for the Community Facilities District; and

WHEREAS, the Council is fully advised in this matter;

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 declares that the public convenience and necessity require and it is necessary that a bonded indebtedness be incurred to finance the acquisition and construction of the Facilities in and for the Community Facilities District. The

FOR CITY CLERK USE ONLY

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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities.

Section 3. The amount of the proposed bonded indebtedness to be incurred to finance the acquisition and construction of the Facilities is thirty-two million dollars (\$32,000,000), which amount includes all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which such bonded indebtedness is proposed to be incurred, including, but not limited to, the estimated costs of acquisition of land, rights-of-way, capacity or connection fees, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued pursuant to the Act, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, bond and other reserve funds, discount fees, interest on any bonds of the Community Facilities District estimated to be due and payable within two (2) years of issuance of the bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

Section 4. Notice is given that Thursday, the 4th day of June, 1998, 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, has been fixed by the Council as the time and place for a public hearing to be held by the Council to consider the incurring of a bonded indebtedness to finance the costs of the acquisition and construction of the Facilities in and for the Community Facilities District. At such public hearing, any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard on the proposed debt issue or on any other matters set forth herein, and they may 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 to be secured by a special tax to be levied within the Community Facilities District.

Section 5. Notice of the time and place of such public hearing shall be given by the City Clerk of the City in the following manner:

(a) A Notice of Public Hearing in the form required by the Act shall be published in the Daily Recorder, a newspaper of general circulation circulated within

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

the Community Facilities District, which such publication shall be made pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven (7) days prior to the date set for such public hearing; and

(b) A Notice of Public Hearing in the form required by the Act shall be mailed, first class postage prepaid, to each property owner and to each registered voter within the boundaries of the proposed Community Facilities District, which such mailing to such property owners shall be made to such property owners at their addresses as shown on the records of the City, and which such mailing to such registered voters shall be made to such registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters, or in either case as otherwise known to the City Clerk of the City, and which such mailing shall be completed at least fifteen (15) days prior to the date set for such public hearing.

PASSED AND ADOPTED by the City Council of the City of Sacramento this 28th day of April, 1998, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

[SEAL]

FOR CITY CLERK USE ONLY

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 28th day of April, 1998, of which meeting all of the members of said 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:

NOES:

ABSENT:

An agenda for said meeting was posted at least seventy-two (72) hours before said meeting at the City Council Chambers, 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: _____, 1998.

City Clerk of the City
of Sacramento

[SEAL]

RESOLUTION NO. 98-145

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVED
BY THE CITY COUNCIL
APR 28 1998
OFFICE OF THE
CITY CLERK

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO APPROVING AN AGREEMENT FOR LEGAL SERVICES FOR THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO that this Council approves that certain agreement attached hereto between the City of Sacramento (the "City") and Orrick, Herrington & Sutcliffe LLP, for services of that firm as Special Bond Counsel for the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California, dated April 28, 1998, and the Mayor of the City is authorized to sign the agreement and the City Clerk of the City is authorized to attest its execution.

PASSED AND ADOPTED by the City Council of the City of Sacramento this 28th day of April, 1998, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Sacramento

ATTEST:

City Clerk of the City of Sacramento

[SEAL]

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

AGREEMENT FOR LEGAL SERVICES

NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2 CITY OF SACRAMENTO COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

This is an agreement for legal services between the City of Sacramento, a municipal corporation of the State of California, referred to as City, and Orrick, Herrington & Sutcliffe LLP, San Francisco, California, referred to as Bond Counsel.

1. City retains Bond Counsel as special counsel to perform the following legal services relating to the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (the "CFD"):

- (a) Preparation of all forms of resolutions, notices, affidavits, and other documents required by the laws governing the financing.
- (b) The preparation of written instructions to the City Clerk and other staff members concerning the performance of legally-required duties in connection with the financing.
- (c) Review of documents prepared by City's engineering staff or consulting engineers, or tax rate consultants, including the method of allocation of the special tax.
- (d) Attendance at all public hearings held in the furtherance of the financing (including continuances of the hearings, if any).
- (e) Attendance at all other public meetings of City as requested by City, at which matters relating to the financing are considered, except routine matters.
- (f) Attendance at staff meetings or meetings of interested citizens, upon the request of the City, after reasonable notice.
- (g) Telephone consultation with staff members and interested citizens to answer legal questions about the proceedings.
- (h) Coordination with the City Clerk's office in the scheduling and conduct of the election.
- (i) Arrangements for the printing of bonds.

- (j) Assistance with the sale of bonds, either by negotiation or by public bid, at the option of City, including a review of disclosure documents in connection with the offering and, if required, coordination with City's financial consultant in the preparation of the notice inviting sealed bids. Bond Counsel will give an opinion that the descriptions of the bonds and of Bond Counsel's bond opinion (but not of the Mello-Roos Act itself) in the Official Statement are "accurate in all material respects;" provided, that Bond Counsel will require a statement in the Official Statement to the effect that Bond Counsel expresses no opinion regarding the accuracy, completeness or fairness of the information contained in the Official Statement.
- (k) The preparation of bond delivery documents and coordination of the closing.
- (l) The rendition of Bond Counsel's usual and customary legal opinion with respect to the validity of the bonds, and the tax exempt status thereof.
- (m) Preparation of the required reports to the California Debt Advisory Commission (pursuant to Section 8855 et seq. of the Government Code) and to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).
- (n) Preparation of a transcript of the legal proceedings in loose-leaf form for the use of the City.

2. The services of Bond Counsel under this agreement shall not include the following:

- (a) Legal services in connection with the acquisition of interests in real property, either through negotiation or through exercise of the power of eminent domain.
- (b) Legal services in connection with litigation, other than an uncontested validation action.
- (c) Legal services relating to compliance with environmental laws for the project.

Bond Counsel services also do not include any responsibility for state blue sky laws or for title to or perfection of security interests in real or personal property, and do not include any financial advice or analysis. Also, Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Finally, Bond Counsel services will not extend past the date of issuance of the Bonds and will not, for example, include services related to rebate compliance or continuing disclosure.

Barring any conflict not otherwise waived or waivable, Bond Counsel would be willing to perform such excluded services on such terms as might be mutually agreed to at

the time: The performance by Bond Counsel of services excluded by this paragraph, if required by City, shall be under separate written agreement.

3. In consideration of the services set forth in paragraph 1, City shall pay to Bond Counsel the following fee and costs:

- (a) The legal fee of Bond Counsel for the legal services rendered hereunder shall be an amount equal to one per cent (1%) of that portion of the bonds issued not exceeding \$5 million, plus three-quarters of one per cent (0.75%) of that portion thereof exceeding \$5 million, but not exceeding \$10 million, plus one-half of one per cent (0.5%) of that portion exceeding \$10 million, but not exceeding \$20 million, plus one-quarter of one per cent (0.25%) of all amounts exceeding \$20 million, except that the fee shall not be less than \$25,000, payable upon the successful closing for the bond issuance. For each subsequent bond issuances the fee shall be one-half of one per cent (0.5%) of that portion of bond issuance not exceed \$10 million, plus one-quarter of one per cent (0.25%) of all amounts exceeding \$10 million, except that the fee shall not be less than \$25,000 for each bond issuance, payable upon the successful closing of the bond issuance. If there is no bond issuance, Bond Counsel shall be paid no such fee. The fee shall be due immediately following the bond closing.
- (b) In addition to the foregoing, Bond Counsel shall be paid \$2,500 for each change proceedings or annexation in which a 100% waiver of election requirements is obtained from the qualified electors, and \$5,000 for each change proceedings or annexation in which a 100% waiver of election requirements is not obtained from the qualified electors, except that if change or annexation proceedings are abandoned prior to completion, an appropriate portion of the fee shall be paid. This fee shall be due immediately following an unsuccessful election, and following the recordation of the Amended Notice of Special Tax Lien when the election is successful.
- (c) In addition to the fees provided in paragraphs (a) and (b) above, Bond Counsel shall be reimbursed on a timely basis for its expenses (copying, telephone, telecopy, word processing, legal research database charges, travel, postage, express delivery service, and the like), but not to exceed \$5,000 in total; provided, that the cost of some services for which Bond Counsel makes arrangements under this agreement (such as bond printing costs, publication costs and filing fees) shall be billed to the City and shall be paid by City directly to the payee.

4. Bond Counsel certifies that it has no interest, either direct or contingent, in any property or contract arising from or affected by the proposed financing, except as Bond Counsel under this agreement. Bond Counsel does not represent any owner of property within the limits of the proposed CFD, and has not received a fee from any source for services connected with the project.

5. This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by City, shall, at the option of City, become its property and shall be delivered to it or to any party it may designate; provided, that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by City, Bond Counsel shall be paid for all satisfactory work, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon issuance of the Bonds; provided, that City shall remain liable for any unpaid compensation or reimbursement due under Section 3 hereof. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Bonds or the City under this Agreement.

6. The role of bond counsel, generally, is to prepare or review the procedures for issuance of the bonds, notes or other evidence of indebtedness and to provide an expert legal opinion with respect to the validity thereof and other subjects addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and reliance thereon by the public finance market, Bond Counsel's role as bond counsel under this Agreement is to provide an opinion and related legal services that represent an objective judgment on the matters addressed rather than the partisan position of an advocate. Bond Counsel's function and responsibility under this Agreement, and as bond counsel with respect to the issuance of the Bonds, terminates upon issuance of the Bonds (unless terminated sooner as provided

herein). Bond Counsel's services as bond counsel through bond issuance are limited to those contracted for explicitly in this Agreement. Any engagement of Bond Counsel with respect to rebate compliance, post-issuance disclosure or any other matter after Bond issuance shall be separate and distinct from its engagement as bond counsel through bond issuance. However, unless otherwise provided, any such post-issuance engagement with respect to the Bonds shall continue on the same basis set forth in this Section 6.

7. Bond Counsel shall staff the financing project with the following attorneys: Carlo S. Fowler. Bond Counsel may use other attorneys and paralegals on the project, who will always be under the direct supervision of Mr. Fowler, to provide the most efficient delivery of services and expertise to the financing.

8. City understands that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Some of these entities may have some direct or indirect relationship with City or City's other consultants or agents, as, for example, underwriters, financial advisors, fiscal agents, paying agents, trustees, insurers, suppliers, lenders, bankers, landlords, developers or owners of property within the jurisdiction of City. Bond Counsel may represent or have represented or in the future may represent the underwriter, fiscal agent or other participants in the financing on other matters. With such varied client representation, there is always the possibility of other transactions between clients or disputes among them. Given the special, limited role of bond counsel described above, City acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship that Bond Counsel may have had, have or enter into, and Issuer specifically consents to any and all such relationships; provided, that Bond Counsel does not represent any participant other than City in connection with the financing which is the subject of this Agreement.

9. Nothing in this Agreement or in any of the documents contemplated hereby, expressed or implied, is intended or shall be construed to give any person other than City and

Bond Counsel any legal or equitable right or claim under or in respect of this Agreement, and this Agreement shall inure to the sole and exclusive benefit of City and Bond Counsel.

10. Bond Counsel may not assign its obligations under this Agreement without written consent of City except to a successor partnership or corporation to which all or substantially all of the assets and operations of Bond Counsel are transferred. City shall assign its rights and obligations under this Agreement to (but only to) any other public entity that issues the Bonds (if not the City), in which case City hereby acknowledges that any relationship or obligation of Bond Counsel to City under or by virtue of this Agreement shall be deemed to be totally annulled *ab initio*. City shall not otherwise assign its rights and obligations under this Agreement without written consent of Bond Counsel. All references to Bond Counsel and City in this Agreement shall be deemed to refer to any such successor of Bond Counsel and to any such assignee of City and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

11. This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

12. Any and all notices pertaining to this Agreement shall be sent by U.S. Postal Service, first class, postage prepaid to Bond Counsel at 400 Sansome Street, San Francisco, CA 94111, Attention: Carlo S. Fowler and to Issuer at 915 I Street, Sacramento, CA 95814, Attention: City Treasurer.

City and Bond Counsel have executed this Agreement by their duly authorized representatives as of the date provided below.

DATED: April 28, 1998

CITY OF SACRAMENTO,
a municipal corporation of the State of California

By _____
Mayor

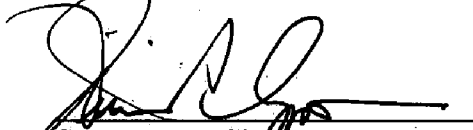
ATTEST:

City Clerk

ORRICK, HERRINGTON & SUTCLIFFE LLP

By _____
Carlo S. Fowler, A Partner

APPROVED AS TO FORM:



Sacramento City Attorney

RESOLUTION NO. 98-146

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL
APR 28 1998
OFFICE OF THE
CITY CLERK

**RESOLUTION APPROVING
PARTICIPATION BY THE CITY OF SACRAMENTO
IN NORTH NATOMAS COMMUNITY FACILITIES DISTRICT No. 2**

WHEREAS:

1. The City of Sacramento is the owner of 100.4 acres ("City Property") in North Natomas with a land use designation of Sports Stadium.
2. The City Property is located within the boundary of North Natomas Community Facilities District No. 2 ("District") (Drainage Basins 5&6).
3. The North Natomas CFD No. 2 provides drainage improvements ("Improvements") which will allow property to be removed from the underlying 100 year flood plain.
4. The City Property comprises approximately 10% of the overall acreage of the District.
5. The City Property will derive direct benefits from the Improvements.
6. The total cost of CFD bonds on the City Property would be approximately \$2,720,000 which would translate into an annual tax of approximately \$275,000.

C:\DATA\DATA\WP6.1\COUNCIL\97015.DOC

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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

1. The City Property shall be included in the District, but will however, begin debt service payments at such time as the property is developed, transferred or when the City has identified an funding mechanism acceptable to City Council, in accordance with the adopted tax rates and method of apportionment.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

CITY OF SACRAMENTO

AFFIDAVIT OF RECORDING THE BOUNDARY MAP
OF THE NORTH NATOMAS COMMUNITY
FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

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 3111 of the Streets and Highways Code of the State of
California, she recorded a map entitled "Proposed Boundaries of North Natomas Community
Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the
"Community Facilities District") in the office of the County Recorder of Sacramento County

ORIGINAL

on April 30, 1998, which date was not later than fifteen (15) days prior to the date of the public hearing on the Community Facilities District scheduled to be held on June 4, 1998.

Valerie A. Burrowes

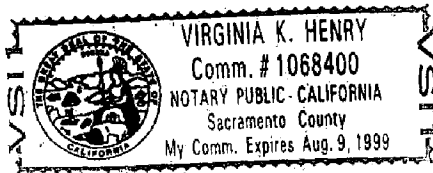
City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 21 day of April, 1998.

Virginia K. Henry

NOTARY PUBLIC
State of California

[Notarial Seal]



CITY OF SACRAMENTO

AFFIDAVIT OF COMPLIANCE WITH
THE REQUIREMENTS FOR PUBLISHING
A NOTICE OF PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO ESTABLISH THE
NORTH NATOMAS COMMUNITY
FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

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. 98-147 (the "Resolution") adopted by the City Council of the City of Sacramento on April 28, 1998, she complied with the requirements for publishing a Notice of Public Hearing on the Resolution to establish the North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (the "Community Facilities District"), as required by Section 12 of the Resolution, by causing a copy of such notice to be published in the Daily Recorder, a newspaper of general circulation published in the area of the Community Facilities District, and that attached hereto, marked Exhibit A and incorporated herein and made a part hereof, is a true and correct copy of

ORIGINAL

an affidavit of publication on file in her office showing that such notice as annexed to said affidavit was duly published one time on April 30, 1998.

Theresa A. Burrows
City Clerk of the City of Sacramento

Subscribed and sworn to before me,
this 1st day of June, 1998.

Virginia K. Henry
NOTARY PUBLIC
State of California

[Notarial Seal]

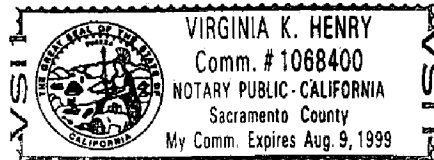


EXHIBIT A

[ATTACH AFFIDAVIT OF PUBLICATION OF N-1]



DEPARTMENT OF
PUBLIC WORKS

TECHNICAL SERVICES
DIVISION

SPECIAL DISTRICTS

CITY OF SACRAMENTO
CALIFORNIA

1231 I ST. RM 300
SACRAMENTO, CA
95814

916-264-7113
FAX 916-264-7480

April 30, 1998

RE: NOTICE OF PUBLIC HEARING

Dear: Property Owner

The attached Notice of Public Hearing is for the proposed formation of a community facilities district (District) in an area of North Natomas bound by Del Paso Road on the north, Interstate 5 on the west, Interstate 80 on the south, and the East Drain on the east. The District would fund drainage improvements to remove the property from the underlying 100 year floodplain.

On April 28, 1998, City Council took action to form "North Natomas Community Facilities District (CFD) No. 2." The resolution set a public hearing date as follows to hear any protests or concerns to the formation of the proposed CFD.

PUBLIC HEARING
June 4, 1998 at 2:00 a.m.
915 "I" Street, 2nd Floor
(City Hall, Council Chambers)
Sacramento, CA 95814

The Notices of Hearing are enclosed. If you have questions regarding the district formation, special tax rate or proposed services, you may contact me at 264-5440.

Sincerely,

Edward Williams
Associate Engineer

NOTICE OF THE PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO ESTABLISH
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE
ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE
FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Sacramento (the "City") has duly adopted Resolution No. 98-143 (the "Resolution") on April 28, 1998, wherein (a) it declared its intention 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") in the area of the City commonly known as North Natomas Drainage Basins 5 and 6 more particularly described in the Resolution, to be known and designated as the "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), for the purpose of financing the acquisition and construction of certain public drainage facilities hereinafter referred to constituting pipes, collection drains and channels, pump stations, detention basins and outfall drains (collectively, the "Facilities"), and wherein (b) it declared its intention to authorize the levy of a special tax in the Community Facilities District to pay for the acquisition and construction of the Facilities, and that a description of the rate and method of apportionment of such special tax and the manner of collection of such special tax is attached hereto, labeled Exhibit A, and is incorporated herein and made a part hereof. 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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities, all as more particularly described in the Resolution.

NOTICE IS HEREBY FURTHER GIVEN that Thursday, the 4th day of June, 1998, 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, has been fixed by the Council by the Resolution as the 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 and all other matters set forth in the Resolution, and at such public hearing any persons interested, including all taxpayers, property

NOTICE OF THE PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO ESTABLISH
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE
ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE
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NOTICE IS HEREBY FURTHER GIVEN that Thursday, the 4th day of June, 1998, 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, has been fixed by the Council by the Resolution as the 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 and all other matters set forth in the Resolution, and at such public hearing any persons interested, including all taxpayers, property

owners and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers 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 or construction of any of the Facilities proposed therefor, or on any other matters set forth in the Resolution, will be heard and considered. Any protests to the foregoing may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made; and the Council may waive any irregularities in the form or content of any written protest and at such public hearing may correct minor defects in such proceedings. All written protests shall be filed with the City Clerk of the City on or before the time fixed for such public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such public hearing.

NOTICE IS HEREBY FURTHER GIVEN that such public hearing may be continued from time to time, but shall be completed within thirty (30) days, except that if the Council finds that the complexity of the Community Facilities District or the need for public participation requires additional time, such public hearing may be continued from time to time for a period not to exceed six (6) months.

NOTICE IS HEREBY FURTHER GIVEN that the Council may at such public hearing modify the Resolution by eliminating any of the Facilities, or by changing the method and apportionment of such special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the Community Facilities District or by removing any territory from the Community Facilities District, except that if the Council proposes to modify the Resolution in a way that will increase the probable special tax to be paid by the owner of any lot or parcel of land in the Community Facilities District, the Council shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of lots or parcels of land in the Community Facilities District, and the Council shall receive and consider such report before approving any such modifications or any resolution forming the Community Facilities District which includes such modifications.

NOTICE IS HEREBY FURTHER GIVEN that at the conclusion of such public hearing the Council may abandon the proposed establishment of the Community Facilities District or may, after passing upon all protests, determine to proceed with establishing the Community Facilities District; provided, that if fifty per cent (50%) or more of the registered voters residing within the territory proposed to be included in the Community Facilities District that are not exempt from the special tax, or the owners of one-half (1/2) or more of the area of the land in the territory proposed to be included in the Community Facilities District that are not exempt from the special tax, file written protests against the establishment of the Community Facilities District, and such protests are not withdrawn so as to reduce the value of the protests to less than such a majority, no further proceedings to establish the Community Facilities District or

to levy such special tax shall be taken for a period of one (1) year from the date of such decision, except that if the majority protests of the registered voters or of the landowners are only against the furnishing of a specified type or types of any of the Facilities proposed for the Community Facilities District, those Facilities shall be eliminated from the resolution of formation of the Community Facilities District.

NOTICE IS HEREBY FURTHER GIVEN that if the Council determines at the conclusion of such public hearing to proceed with the establishment of the Community Facilities District, the proposed voting procedure shall be by landowners voting in accordance with the Act.

NOTICE IS HEREBY FURTHER GIVEN that a more complete description of the Facilities proposed to be acquired and constructed in and for the Community Facilities District and a copy of the Resolution and the boundary map of the Community Facilities District are on file with the City Clerk of the City of Sacramento, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and are available for review there during business hours by any interested persons.

NOTICE IS HEREBY FURTHER GIVEN that questions concerning this notice should be directed to Ed Williams, Department of Public Works, Special Districts Division, telephone (916) 264-5440.

DATED: April 28, 1998.

Valerie Burrowes

City Clerk of the City of Sacramento

Exhibit A

City of Sacramento, California
North Natomas Drainage Basins 5 & 6
Community Facilities District No. 2

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 North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 (the "CFD") of the City of Sacramento (the "City") 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.

"Annexation Parcel" means a Parcel that was not included within the boundaries of the CFD at the time of formation. Later participation in the CFD requires annexation proceedings.

"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, less any grants/other project funding and/or less the application of any funds available from

Prepayments as described in Section 6. The total Annual Costs shall be limited to those necessary to provide the Authorized Facilities.

"Arena Parcel" means the Parcel with Assessor Parcel Number 225-0070-060 that is owned by the City at the formation of the CFD. This Parcel is leased to a nonexempt leasehold interest and is subject to levy of the Maximum Annual Special Tax in the same manner as any other Taxable Parcel pursuant to Section 53340.1 of the Act.

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

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

"Base Fiscal Year" means the Fiscal Year beginning July 1, 1998 and ending June 30, 1999.

"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.

"Catch-up Special Tax" means a one-time special tax assigned to Annexation Parcels or Remediation Parcels as described in Section 4.

"CFD" means the North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 of the City of Sacramento, California.

"City" means City of Sacramento, California.

"Council" means the City Council of the City of Sacramento 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 for any bonds, notes or certificates of participation of the City for 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.

"Developable Parcel" means a Parcel that is developable as a result of the construction of drainage improvements funded by outstanding bonds of the CFD.

"Development-Restricted Parcel" means a Parcel that is not developable until additional drainage improvements are funded by the CFD. The Maximum Annual Special Tax Rate for a Development-Restricted Parcel is set at fifty percent (50%) of a Developable Parcel's Maximum Annual Special Tax Rate for the given Parcel. (Note: The CFD Financing Plan

assumes a series of bond issues and some parcels may not be have adequate drainage until facilities are constructed in a later bond issue.)

"Drainage Shed 5 Parcel" means a Parcel located within Drainage Shed 5 as shown in Attachment 3.

"Drainage Shed 6 Parcel" means a Parcel located within Drainage Shed 6 as shown in Attachment 3.

"Estimated Net Acres" means the actual Net Acre of a Parcel(s) or an approximation of the Net Acres based upon the total Gross Developable Acres less an allowance for minor streets as indicated in the North Natomas Community Plan.

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

"Gross Acre" means the entire area of a Parcel prior to dedication of major streets, schools, parks, open space and other public right-of-way.

"Gross Developable Acre" means the area of a Parcel associated with residential and non-residential uses after dedication of major streets, but prior to dedication of minor streets.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres (Gross, Gross Developable, or Net) or units of the parcel.

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

"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.

"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 Development" means a Taxable Parcel designated for commercial, office, light industrial, sports complex, or similar use as defined in the North Natomas Community Plan.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of March 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 all of the 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 all of the 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 in the North Natomas Community Plan as adopted by the City--or as subsequently 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, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes as described below. The Arena and Stadium Parcels are not defined as Public Parcels. These Parcels have separate definitions.

"Reimbursement Parcel" means a Parcel for which the Parcel owner has advance-funded all of the Parcel's allocated CFD drainage improvement costs, as determined by the City, but has not received any reimbursement from CFD bond proceeds. Once a reimbursement has been made, the Parcel shall be reclassified as a Developable Parcel or a Development-Restricted Parcel.

"Remediation Parcel" means a Parcel within Assessor Parcel Numbers (APN) 225-015-14, 225-015-15, 225-015-18, 225-015-28, 225-015-30 and 225-015-032 that contain toxics and therefore require cleanup and abatement. A Remediation Parcel shall remain non-taxable until the City declares it to have been remediated. Once declared remediated, that Parcel shall become a Taxable Parcel.

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

"Stadium Parcel" means the Parcel with Assessor Parcel Number 225-0070-076 that is owned by the City at the formation of the CFD. This Parcel will remain a Tax-Exempt Parcel until it is transferred to private ownership, through sale or lease; or when there a funding mechanism to pay Special Taxes that is acceptable to the City Council is identified.

"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 or a Remediation 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) any Prepayment Parcel, and the (iii) the Stadium Parcel (subject to the limitations set-forth

above and in Section 4). Certain non-developable privately owned Parcels, such as common areas, wetlands, and open space, may also be exempt from the levy of Special Taxes as determined by the City.

3. Termination of the Special Tax

The Special Tax will be levied 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 2039-2040.

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, Remediation Parcel, Reimbursement Parcel, or a Taxable Parcel;

However, Taxable Parcels that are 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 Public Parcels, such as a school site, are relocated and the previously Tax-Exempt Parcels of comparable acreage become Taxable Parcels. This trading of Parcels will be permitted to the extent that there is no net loss in maximum Special Tax revenue.

2. Each Taxable Parcel to be further classified as a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.
3. Then each Taxable Parcel to be further classified as a Developable Parcel, Development-Restricted Parcel, or Prepayment Parcel. Once classified as a Developable Parcel, no Parcel shall be removed from that classification unless the Parcel becomes a Prepayment Parcel.

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

shall be if a Prepayment occurs after the Development Year in accordance with Section 6 below.

2. Development-Restricted Parcels

The Maximum Special Tax Rates of Development-Restricted Parcels shall be 50% of the Maximum Special Tax Rates for Developable Parcels as shown on Attachment 1.

3. Reimbursement Parcels

The Maximum Special Tax Rate for a Reimbursement Parcel shall be set to zero until it is reclassified as a Developable Parcel or a Development-Restricted Parcel.

4. Residential Parcels

The Maximum Special Tax Rate for a single-family residential, duplex, and condominium Parcel shall be calculated by the following steps:

- a) calculate the total Maximum Special Tax Revenue for the Net Acres of the Final Map or Parcel Map creating the single-family, duplex, or condominium Parcels; and,
- b) divide the Maximum Special Tax Revenue from a) by the total number of Parcels created in the Final Map or Parcel Map.

5. Stadium Parcel

The Maximum Special Tax Rate for the Stadium Parcel shall be set to zero until it is transferred to private ownership through a sale, is controlled by a private entity through a lease, or a funding mechanism acceptable to the City Council is identified to pay the Special Taxes. Once one of these events occurs, the Stadium Parcel shall be treated as a Developed Parcel for purposes of setting the Maximum Annual Special Tax.

6. Arena Parcel

The Arena Parcel will be treated as any other Taxable Parcel for purposes of setting the Maximum Annual Special Tax.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt 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 the 4.A and 4.B above and excluded from the provisions of Section 4.C. The catch-up tax provisions described in Section 4.C.1 will not apply to a Parcel converted to a Taxable Parcel under this section.

5. Calculating Annual Special Taxes

The City shall compute the Annual Costs 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. Computes the Annual Cost using the definition in Section 2 for the Fiscal Year.
- B. Calculate the Special Tax for each Taxable Parcel by the following steps:
 - Determine if sufficient special tax revenues are available by taxing each Developable Parcel at 100% of its Maximum Annual Special Tax. If revenues are greater than the Annual Costs, the tax is reduced proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
 - If revenues from taxing Developable Parcels at 100% of their Maximum Annual Special Tax are not sufficient, the City will then proportionately levy the tax on Development-Restricted Parcels up to 100% of their Maximum Annual Special Tax (50% of their Maximum Annual Special Tax as Developable Parcels) 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, and any Catch-up 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 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 BASE PREPAYMENT AMOUNT (for Attachment 2)

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. The annual base Prepayment amount shall be calculated using the following steps.

- Step 1: Determine the total number of acres within the CFD in each of the following categories: Gross Acres, Gross Developable Acres, and Net Acres. The acreage of all prior Prepayment Parcels will be excluded from the calculation of total acres.
- Gross Acres equal the original Gross Acres at the formation of the CFD plus any acreage that has been annexed into the CFD.
 - If the acreage in the Gross Developable Acreage category is not known, it will be set by multiplying Gross Acres by a factor of 0.729.
 - If the acreage in the Net Acreage category is not known, it will be set by multiplying Gross Developable Acres by a factor of 0.857.

Step 2: Determine the amount of the facility construction cost including CFD formation costs; total bond authorization; or total outstanding bonds, if all bonds have been issued. The facility construction cost will be based on the cost of facilities that have been constructed or bid plus the estimated cost of facilities yet to be constructed or bid with inflation to date.

Step 3: Calculate the base Prepayment amount per acre based on the location of the Prepayment Parcel:

Drainage Shed 5 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Drainage Shed 6 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Step 4: Update Attachment 2 based on the above calculations to reflect the base Prepayment amount per acre for the upcoming Fiscal Year. The Attachment 2 included in this document is as of the formation of the CFD based on the current estimated acreage, by category, and estimated costs.

DETERMINE TOTAL PREPAYMENT AMOUNT FOR PREPAYING PARCEL

The following steps will be used to determine a Parcel's total Prepayment Amount.

Step 5: Determine whether the acreage of the Parcel making a Prepayment is Gross Acres, Gross Developable Acres, or Net Acres and determine whether the Parcel is a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.

Prior to First Bond Sale (skip to Step 8 if bonds have been sold)

Step 6: If the Prepayment is made prior to the first bond sale, the City will determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from column 1 of Attachment 2--for the appropriate acreage and location category--by the Parcel's total acreage.

Step 7: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 5 and the City's administrative cost for calculating these amounts.

Subsequent to the Initial Sale of Bonds

Step 8: Determine if all bonds have been sold or if the District is between the first and last bond sale. This will determine the bond issuance category for the base Prepayment amount. If the District is between the first and last bond sale, column 2 of Attachment 2 will be used. If all bonds have been sold, column 3 of Attachment 2 will be used.

Step 9: Determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from either column 2 or 3 of Attachment 2--for the appropriate acreage, location, and bond issuance category--by the Parcel's total acreage.

Step 10: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 9 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, early call penalties, and other expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

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 Parcel acreage (gross, gross developable or net);
- the Maximum Annual Special Taxes which applied in each Fiscal Year; and
- the authorized Special Taxes levied in each Fiscal Year.

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

8. Appeals

Any taxpayer that 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 Drainage CFD No. 97-02
Maximum Special Tax Rates for Developable Parcels [1]

Fiscal Year Ending	Fiscal Year Ending	Maximum Special Tax					
		Drainage Shed 5 Parcels			Drainage Shed 6 Parcels		
		Per Gross Acre	Per Gross Developable Acre	Per Net Acre	Per Gross Acre	Per Gross Developable Acre	Per Net Acre
	<i>June 30</i>						
1999	1999	\$2,180	\$2,520	\$2,770	\$2,680	\$3,090	\$3,400
2000	2000	\$2,224	\$2,571	\$2,825	\$2,734	\$3,152	\$3,468
2001	2001	\$2,268	\$2,622	\$2,882	\$2,788	\$3,215	\$3,537
2002	2002	\$2,313	\$2,674	\$2,940	\$2,844	\$3,279	\$3,608
2003	2003	\$2,360	\$2,728	\$2,998	\$2,901	\$3,345	\$3,680
2004	2004	\$2,407	\$2,782	\$3,058	\$2,959	\$3,412	\$3,754
2005	2005	\$2,455	\$2,838	\$3,119	\$3,018	\$3,480	\$3,829
2006	2006	\$2,504	\$2,895	\$3,182	\$3,079	\$3,549	\$3,905
2007	2007	\$2,554	\$2,953	\$3,245	\$3,140	\$3,620	\$3,984
2008	2008	\$2,605	\$3,012	\$3,310	\$3,203	\$3,693	\$4,063
2009	2009	\$2,657	\$3,072	\$3,377	\$3,267	\$3,767	\$4,145
2010	2010	\$2,711	\$3,133	\$3,444	\$3,332	\$3,842	\$4,227
2011	2011	\$2,765	\$3,196	\$3,513	\$3,399	\$3,919	\$4,312
2012	2012	\$2,820	\$3,260	\$3,583	\$3,467	\$3,997	\$4,398
2013	2013	\$2,876	\$3,325	\$3,655	\$3,536	\$4,077	\$4,486
2014	2014	\$2,934	\$3,392	\$3,728	\$3,607	\$4,159	\$4,576
2015	2015	\$2,993	\$3,460	\$3,803	\$3,679	\$4,242	\$4,667
2016	2016	\$3,053	\$3,529	\$3,879	\$3,753	\$4,327	\$4,761
2017	2017	\$3,114	\$3,599	\$3,956	\$3,828	\$4,413	\$4,856
2018	2018	\$3,176	\$3,671	\$4,035	\$3,904	\$4,502	\$4,953
2019	2019	\$3,239	\$3,745	\$4,116	\$3,983	\$4,592	\$5,052
2020	2020	\$3,304	\$3,820	\$4,198	\$4,062	\$4,683	\$5,153
2021	2021	\$3,370	\$3,896	\$4,282	\$4,143	\$4,777	\$5,256
2022	2022	\$3,438	\$3,974	\$4,368	\$4,226	\$4,873	\$5,361
2023	2023	\$3,506	\$4,053	\$4,455	\$4,311	\$4,970	\$5,469
2024	2024	\$3,577	\$4,135	\$4,544	\$4,397	\$5,069	\$5,578
2025	2025	\$3,648	\$4,217	\$4,635	\$4,485	\$5,171	\$5,690
2026	2026	\$3,721	\$4,302	\$4,728	\$4,575	\$5,274	\$5,803
2027	2027	\$3,795	\$4,388	\$4,823	\$4,666	\$5,380	\$5,919
2028	2028	\$3,871	\$4,475	\$4,919	\$4,760	\$5,487	\$6,038
2029	2029	\$3,949	\$4,565	\$5,017	\$4,855	\$5,597	\$6,159
2030	2030	\$4,028	\$4,656	\$5,118	\$4,952	\$5,709	\$6,282
2031	2031	\$4,108	\$4,749	\$5,220	\$5,051	\$5,823	\$6,407
2032	2032	\$4,190	\$4,844	\$5,324	\$5,152	\$5,940	\$6,536
2033	2033	\$4,274	\$4,941	\$5,431	\$5,255	\$6,058	\$6,666
2034	2034	\$4,360	\$5,040	\$5,540	\$5,360	\$6,180	\$6,800
2035	2035	\$4,447	\$5,141	\$5,650	\$5,467	\$6,303	\$6,936
2036	2036	\$4,536	\$5,244	\$5,763	\$5,577	\$6,429	\$7,074
2037	2037	\$4,627	\$5,348	\$5,879	\$5,688	\$6,558	\$7,216
2038	2038	\$4,719	\$5,455	\$5,996	\$5,802	\$6,689	\$7,360
2039	2039	\$4,814	\$5,565	\$6,116	\$5,918	\$6,823	\$7,507
2040	2040	\$4,910	\$5,676	\$6,238	\$6,036	\$6,959	\$7,657

"attachment_1"

[1] The Maximum Annual Special Tax for Development-Restricted Parcels is set at 50 percent of the Maximum Annual Special Tax for Developable Parcels shown above.

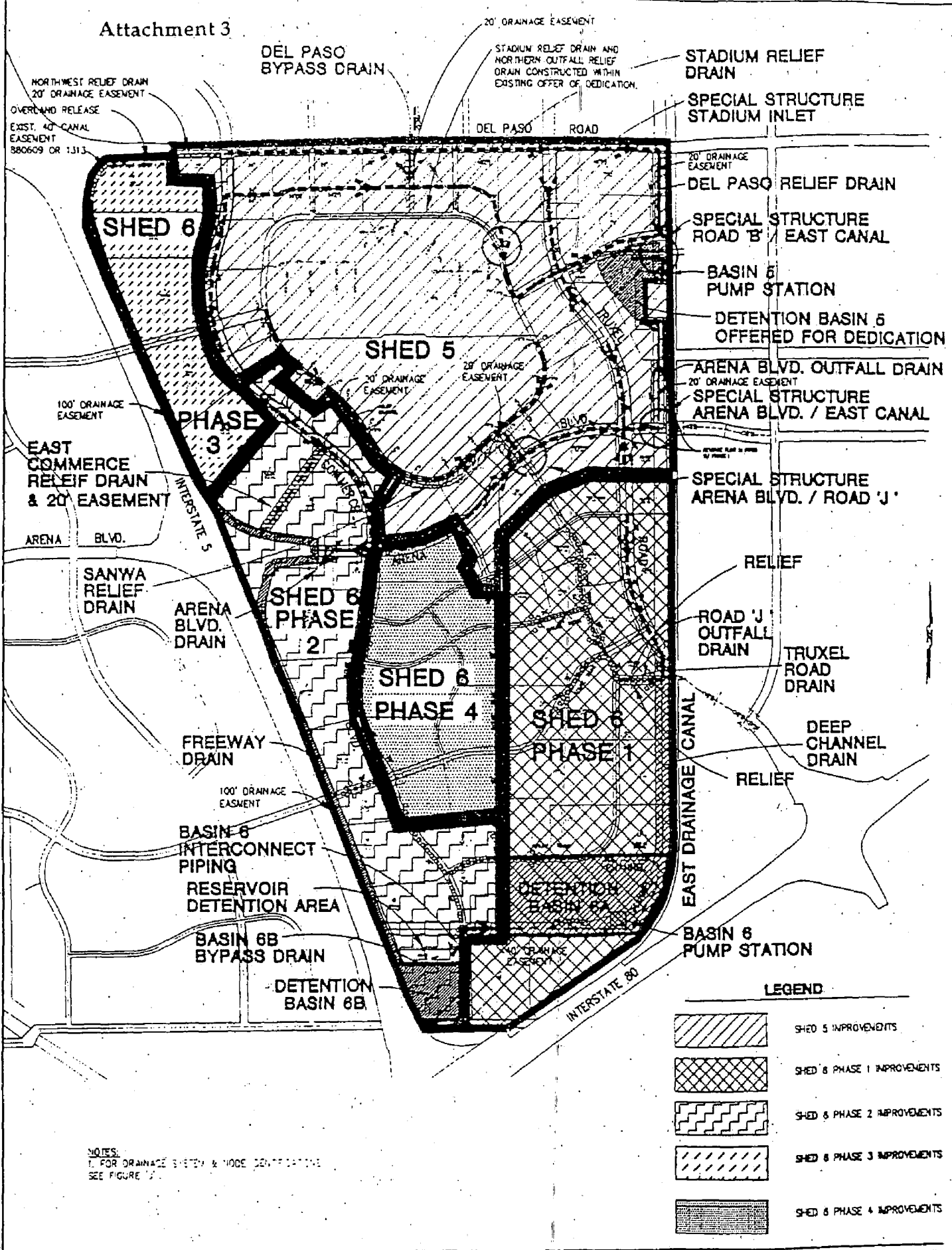
Attachment 2
North Natomas Drainage CFD No. 97-02
Estimated Base Prepayment Amount
(Amounts shown are subject to change annually)

	Column 1	Column 2	Column 3
	Prior to 1st Bond Sale	Between 1st & Last Bond Sale	After Last Bond Sale
	1998\$	Inflated \$	Inflated \$
Construction and Formation Cost - 1998	\$19,590,771	\$20,690,345	\$20,690,345
Estimated Bonds - Inflated \$ [1]	n/a	\$32,000,000 authorization	\$28,966,000 estimated
Shed 5 Parcels Prepayment			
Share of Facilities Cost	40.99%	40.99%	40.99%
Gross Acre	\$15,437	\$25,215	\$25,215
Gross Developable Acre	\$17,643	\$28,819	\$28,819
Net Acre	\$19,590	\$31,999	\$31,999
Shed 6 Parcels Prepayment			
Share of Facilities Cost	59.01%	59.01%	59.01%
Gross Acre	\$18,956	\$30,963	\$30,963
Gross Developable Acre	\$21,665	\$35,389	\$35,389
Net Acre	\$24,056	\$39,293	\$39,293
Initial Estimated CFD Acreage			
	<u>Shed 5</u>	<u>Shed 6</u>	<u>Total</u>
Gross Acres [3]	520.2	609.9	1,130.1
Gross Developable Acres [3]	455.1	533.6	988.7
Net Acres [3]	409.9	480.6	890.5

Notes: Assumes 7.5% reserve fund credit.




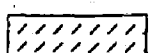
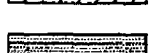
*prepay

- [1] Determined annually under Step 2 of the Prepayment formula described in Section 6.
- [2] Determined annually under Step 3 of the Prepayment formula described in Section 6. Add to these amounts the additional costs described under Steps 6 and 9 of Section 6 to arrive at the total Prepayment Amount.
- [3] Determined annually under Step 1 of the Prepayment formula described in Section 6.



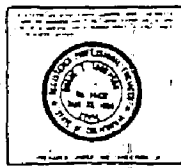
NOTES:
1. FOR DRAINAGE SYSTEM & NODE IDENTIFICATION SEE FIGURE 12

LEGEND

-  SHED 5 IMPROVEMENTS
-  SHED 6 PHASE 1 IMPROVEMENTS
-  SHED 6 PHASE 2 IMPROVEMENTS
-  SHED 6 PHASE 3 IMPROVEMENTS
-  SHED 6 PHASE 4 IMPROVEMENTS

VAIL
ENGINEERING CORPORATION
INCORPORATED
PUBLIC ENGINEERS & ARCHITECTS
1000 WEST 10TH AVENUE, SUITE 100
DENVER, COLORADO 80202
TEL: 303.733.1100

FIGURE K
FACILITY PHASING EXHIBIT
PROPOSED FACILITIES
FOR SHEDS 5 AND 6



DATE: 12/15/00
SCALE: AS SHOWN
PROJECT: SHEDS 5 AND 6



Revision	Date	Description
1		
2		
3		
4		
5		
6		
7		
8		

and that attached hereto, marked Exhibit A and incorporated herein and made a part hereof, is a true and correct copy of such notice in the form mailed.

Valerie A. Burrows
City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 28 day of April, 1998.

Virginia K. Henry
NOTARY PUBLIC
State of California

[Notarial Seal]

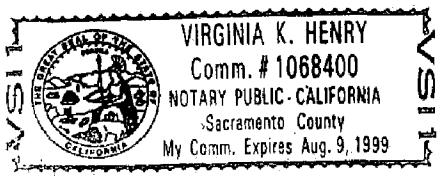


EXHIBIT A

[ATTACH COPY OF N-1 IN FORM MAILED]



DEPARTMENT OF
PUBLIC WORKS

TECHNICAL SERVICES
DIVISION

SPECIAL DISTRICTS

CITY OF SACRAMENTO
CALIFORNIA

1231 I ST. RM 300
SACRAMENTO, CA
95814

916-264-7113
FAX 916-264-7480

April 30, 1998

RE: NOTICE OF PUBLIC HEARING

Dear Property Owner

The attached Notice of Public Hearing is for the proposed formation of a community facilities district (District) in an area of North Natomas bound by Del Paso Road on the north, Interstate 5 on the west, Interstate 80 on the south, and the East Drain on the east. The District would fund drainage improvements to remove the property from the underlying 100 year floodplain.

On April 28, 1998, City Council took action to form "North Natomas Community Facilities District (CFD) No. 2." The resolution set a public hearing date as follows to hear any protests or concerns to the formation of the proposed CFD.

PUBLIC HEARING
June 4, 1998 at 2:00 a.m.
915 "I" Street, 2nd Floor
(City Hall, Council Chambers)
Sacramento, CA 95814

The Notices of Hearing are enclosed. If you have questions regarding the district formation, special tax rate or proposed services, you may contact me at 264-5440.

Sincerely,

Edward H. Williams

Edward Williams
Associate Engineer

NOTICE OF THE PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO ESTABLISH
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE
ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE
FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Sacramento (the "City") has duly adopted Resolution No. 98-143 (the "Resolution") on April 28, 1998, wherein (a) it declared its intention 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") in the area of the City commonly known as North Natomas Drainage Basins 5 and 6 more particularly described in the Resolution, to be known and designated as the "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), for the purpose of financing the acquisition and construction of certain public drainage facilities hereinafter referred to as constituting pipes, collection drains and channels, pump stations, detention basins and outfall drains (collectively, the "Facilities"), and wherein (b) it declared its intention to authorize the levy of a special tax in the Community Facilities District to pay for the acquisition and construction of the Facilities, and that a description of the rate and method of apportionment of such special tax and the manner of collection of such special tax is attached hereto, labeled Exhibit A, and is incorporated herein and made a part hereof. 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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities, all as more particularly described in the Resolution.

NOTICE IS HEREBY FURTHER GIVEN that Thursday, the 4th day of June, 1998, 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, has been fixed by the Council by the Resolution as the 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 and all other matters set forth in the Resolution, and at such public hearing any persons interested, including all taxpayers, property

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ON THE RESOLUTION OF INTENTION TO ESTABLISH
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
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owners and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers 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 or construction of any of the Facilities proposed therefor, or on any other matters set forth in the Resolution, will be heard and considered. Any protests to the foregoing may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of such proceedings shall be in writing and shall clearly set forth the irregularities and defects to which the objection is made; and the Council may waive any irregularities in the form or content of any written protest and at such public hearing may correct minor defects in such proceedings. All written protests shall be filed with the City Clerk of the City on or before the time fixed for such public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of such public hearing.

NOTICE IS HEREBY FURTHER GIVEN that such public hearing may be continued from time to time, but shall be completed within thirty (30) days, except that if the Council finds that the complexity of the Community Facilities District or the need for public participation requires additional time, such public hearing may be continued from time to time for a period not to exceed six (6) months.

NOTICE IS HEREBY FURTHER GIVEN that the Council may at such public hearing modify the Resolution by eliminating any of the Facilities, or by changing the method and apportionment of such special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the Community Facilities District or by removing any territory from the Community Facilities District, except that if the Council proposes to modify the Resolution in a way that will increase the probable special tax to be paid by the owner of any lot or parcel of land in the Community Facilities District, the Council shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of lots or parcels of land in the Community Facilities District, and the Council shall receive and consider such report before approving any such modifications or any resolution forming the Community Facilities District which includes such modifications.

NOTICE IS HEREBY FURTHER GIVEN that at the conclusion of such public hearing the Council may abandon the proposed establishment of the Community Facilities District or may, after passing upon all protests, determine to proceed with establishing the Community Facilities District; provided, that if fifty per cent (50%) or more of the registered voters residing within the territory proposed to be included in the Community Facilities District that are not exempt from the special tax, or the owners of one-half (1/2) or more of the area of the land in the territory proposed to be included in the Community Facilities District that are not exempt from the special tax, file written protests against the establishment of the Community Facilities District, and such protests are not withdrawn so as to reduce the value of the protests to less than such a majority, no further proceedings to establish the Community Facilities District or

to levy such special tax shall be taken for a period of one (1) year from the date of such decision, except that if the majority protests of the registered voters or of the landowners are only against the furnishing of a specified type or types of any of the Facilities proposed for the Community Facilities District, those Facilities shall be eliminated from the resolution of formation of the Community Facilities District.

NOTICE IS HEREBY FURTHER GIVEN that if the Council determines at the conclusion of such public hearing to proceed with the establishment of the Community Facilities District, the proposed voting procedure shall be by landowners voting in accordance with the Act.

NOTICE IS HEREBY FURTHER GIVEN that a more complete description of the Facilities proposed to be acquired and constructed in and for the Community Facilities District and a copy of the Resolution and the boundary map of the Community Facilities District are on file with the City Clerk of the City of Sacramento, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and are available for review there during business hours by any interested persons.

NOTICE IS HEREBY FURTHER GIVEN that questions concerning this notice should be directed to Ed Williams, Department of Public Works, Special Districts Division, telephone (916) 264-5440.

DATED: April 28, 1998.

Valerie Burrowes
City Clerk of the City of Sacramento

Exhibit A

City of Sacramento, California North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2

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 North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 (the "CFD") of the City of Sacramento (the "City") 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.

"Annexation Parcel" means a Parcel that was not included within the boundaries of the CFD at the time of formation. Later participation in the CFD requires annexation proceedings.

"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, less any grants/other project funding and/or less the application of any funds available from

Prepayments as described in Section 6. The total Annual Costs shall be limited to those necessary to provide the Authorized Facilities.

"Arena Parcel" means the Parcel with Assessor Parcel Number 225-0070-060 that is owned by the City at the formation of the CFD. This Parcel is leased to a nonexempt leasehold interest and is subject to levy of the Maximum Annual Special Tax in the same manner as any other Taxable Parcel pursuant to Section 53340.1 of the Act.

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

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

"Base Fiscal Year" means the Fiscal Year beginning July 1, 1998 and ending June 30, 1999.

"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.

"Catch-up Special Tax" means a one-time special tax assigned to Annexation Parcels or Remediation Parcels as described in Section 4.

"CFD" means the North Natomas Drainage Basins 5 & 6 Community Facilities District No. 2 of the City of Sacramento, California.

"City" means City of Sacramento, California.

"Council" means the City Council of the City of Sacramento 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 for any bonds, notes or certificates of participation of the City for 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.

"Developable Parcel" means a Parcel that is developable as a result of the construction of drainage improvements funded by outstanding bonds of the CFD.

"Development-Restricted Parcel" means a Parcel that is not developable until additional drainage improvements are funded by the CFD. The Maximum Annual Special Tax Rate for a Development-Restricted Parcel is set at fifty percent (50%) of a Developable Parcel's Maximum Annual Special Tax Rate for the given Parcel. (Note: The CFD Financing Plan

assumes a series of bond issues and some parcels may not be have adequate drainage until facilities are constructed in a later bond issue.)

"Drainage Shed 5 Parcel" means a Parcel located within Drainage Shed 5 as shown in Attachment 3.

"Drainage Shed 6 Parcel" means a Parcel located within Drainage Shed 6 as shown in Attachment 3.

"Estimated Net Acres" means the actual Net Acre of a Parcel(s) or an approximation of the Net Acres based upon the total Gross Developable Acres less an allowance for minor streets as indicated in the North Natomas Community Plan.

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

"Gross Acre" means the entire area of a Parcel prior to dedication of major streets, schools, parks, open space and other public right-of-way.

"Gross Developable Acre" means the area of a Parcel associated with residential and non-residential uses after dedication of major streets, but prior to dedication of minor streets.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant acres (Gross, Gross Developable, or Net) or units of the parcel.

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

"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.

"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 Development" means a Taxable Parcel designated for commercial, office, light industrial, sports complex, or similar use as defined in the North Natomas Community Plan.

"Parcel" means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of March 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 all of the 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 all of the 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 in the North Natomas Community Plan as adopted by the City--or as subsequently 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, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes as described below. The Arena and Stadium Parcels are not defined as Public Parcels. These Parcels have separate definitions.

"Reimbursement Parcel" means a Parcel for which the Parcel owner has advance-funded all of the Parcel's allocated CFD drainage improvement costs, as determined by the City, but has not received any reimbursement from CFD bond proceeds. Once a reimbursement has been made, the Parcel shall be reclassified as a Developable Parcel or a Development-Restricted Parcel.

"Remediation Parcel" means a Parcel within Assessor Parcel Numbers (APN) 225-015-14, 225-015-15, 225-015-18, 225-015-28, 225-015-30 and 225-015-032 that contain toxics and therefore require cleanup and abatement. A Remediation Parcel shall remain non-taxable until the City declares it to have been remediated. Once declared remediated, that Parcel shall become a Taxable Parcel.

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

"Stadium Parcel" means the Parcel with Assessor Parcel Number 225-0070-076 that is owned by the City at the formation of the CFD. This Parcel will remain a Tax-Exempt Parcel until it is transferred to private ownership, through sale or lease; or when there a funding mechanism to pay Special Taxes that is acceptable to the City Council is identified.

"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 or a Remediation 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) any Prepayment Parcel, and the (iii) the Stadium Parcel (subject to the limitations set-forth

above and in Section 4). Certain non-developable privately owned Parcels, such as common areas, wetlands, and open space, may also be exempt from the levy of Special Taxes as determined by the City.

3. Termination of the Special Tax

The Special Tax will be levied 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 2039-2040.

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, Remediation Parcel, Reimbursement Parcel, or a Taxable Parcel;

However, Taxable Parcels that are 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 Public Parcels, such as a school site, are relocated and the previously Tax-Exempt Parcels of comparable acreage become Taxable Parcels. This trading of Parcels will be permitted to the extent that there is no net loss in maximum Special Tax revenue.

2. Each Taxable Parcel to be further classified as a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.
3. Then each Taxable Parcel to be further classified as a Developable Parcel, Development-Restricted Parcel, or Prepayment Parcel. Once classified as a Developable Parcel, no Parcel shall be removed from that classification unless the Parcel becomes a Prepayment Parcel.

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

shall be if a Prepayment occurs after the Development Year in accordance with Section 6 below.

2. Development-Restricted Parcels

The Maximum Special Tax Rates of Development-Restricted Parcels shall be 50% of the Maximum Special Tax Rates for Developable Parcels as shown on Attachment 1.

3. Reimbursement Parcels

The Maximum Special Tax Rate for a Reimbursement Parcel shall be set to zero until it is reclassified as a Developable Parcel or a Development-Restricted Parcel.

4. Residential Parcels

The Maximum Special Tax Rate for a single-family residential, duplex, and condominium Parcel shall be calculated by the following steps:

- a) calculate the total Maximum Special Tax Revenue for the Net Acres of the Final Map or Parcel Map creating the single-family, duplex, or condominium Parcels; and,
- b) divide the Maximum Special Tax Revenue from a) by the total number of Parcels created in the Final Map or Parcel Map.

5. Stadium Parcel

The Maximum Special Tax Rate for the Stadium Parcel shall be set to zero until it is transferred to private ownership through a sale, is controlled by a private entity through a lease, or a funding mechanism acceptable to the City Council is identified to pay the Special Taxes. Once one of these events occurs, the Stadium Parcel shall be treated as a Developed Parcel for purposes of setting the Maximum Annual Special Tax.

6. Arena Parcel

The Arena Parcel will be treated as any other Taxable Parcel for purposes of setting the Maximum Annual Special Tax.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

C. Annexation Parcels. Parcels annexing to the CFD shall have their Maximum Special Tax Rate assigned by following the procedures in Section 4.B above. In addition, a Catch-up special tax shall be charged to the annexing Parcel. The Catch-up Special Tax will be set equal to sum of the Special Taxes levied for Development-Restricted Parcels within the same Drainage Shed for the prior ten Fiscal Years in which the special tax was levied times the gross acres of the annexing Parcel. The Catch-up Special Tax shall be paid prior to or concurrent with annexation.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt 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 the 4.A and 4.B above and excluded from the provisions of Section 4.C. The catch-up tax provisions described in Section 4.C.1 will not apply to a Parcel converted to a Taxable Parcel under this section.

5. Calculating Annual Special Taxes

The City shall compute the Annual Costs 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. Computes the Annual Cost using the definition in Section 2 for the Fiscal Year.
- B. Calculate the Special Tax for each Taxable Parcel by the following steps:
 - Determine if sufficient special tax revenues are available by taxing each Developable Parcel at 100% of its Maximum Annual Special Tax. If revenues are greater than the Annual Costs, the tax is reduced proportionately until the tax levy is set at an amount sufficient to cover Annual Costs.
 - If revenues from taxing Developable Parcels at 100% of their Maximum Annual Special Tax are not sufficient, the City will then proportionately levy the tax on Development-Restricted Parcels up to 100% of their Maximum Annual Special Tax (50% of their Maximum Annual Special Tax as Developable Parcels) 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, and any Catch-up 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 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 BASE PREPAYMENT AMOUNT (for Attachment 2)

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. The annual base Prepayment amount shall be calculated using the following steps.

- Step 1: Determine the total number of acres within the CFD in each of the following categories: Gross Acres, Gross Developable Acres, and Net Acres. The acreage of all prior Prepayment Parcels will be excluded from the calculation of total acres.
- Gross Acres equal the original Gross Acres at the formation of the CFD plus any acreage that has been annexed into the CFD.
 - If the acreage in the Gross Developable Acreage category is not known, it will be set by multiplying Gross Acres by a factor of 0.729.
 - If the acreage in the Net Acreage category is not known, it will be set by multiplying Gross Developable Acres by a factor of 0.857.

Step 2: Determine the amount of the facility construction cost including CFD formation costs; total bond authorization; or total outstanding bonds, if all bonds have been issued. The facility construction cost will be based on the cost of facilities that have been constructed or bid plus the estimated cost of facilities yet to be constructed or bid with inflation to date.

Step 3: Calculate the base Prepayment amount per acre based on the location of the Prepayment Parcel:

Drainage Shed 5 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Drainage Shed 6 Parcels: Divide the appropriate cost basis (construction cost, bond authorization, or total outstanding bonds) by the acreage from each of the three acreage categories. Where the cost basis is the bond authorization or outstanding bonds, multiply the product of the previous calculation by a factor of 0.925 (to account for the Parcel's share of the Reserve Fund). Multiply the Parcel's total acreage by the appropriate cost per acre (e.g., per Gross Acre, Gross Developable Acre, or Net Acre) to arrive at the base Prepayment amount.

Step 4: Update Attachment 2 based on the above calculations to reflect the base Prepayment amount per acre for the upcoming Fiscal Year. The Attachment 2 included in this document is as of the formation of the CFD based on the current estimated acreage, by category, and estimated costs.

DETERMINE TOTAL PREPAYMENT AMOUNT FOR PREPAYING PARCEL

The following steps will be used to determine a Parcel's total Prepayment Amount.

Step 5: Determine whether the acreage of the Parcel making a Prepayment is Gross Acres, Gross Developable Acres, or Net Acres and determine whether the Parcel is a Drainage Shed 5 Parcel or a Drainage Shed 6 Parcel.

Prior to First Bond Sale (skip to Step 8 if bonds have been sold)

Step 6: If the Prepayment is made prior to the first bond sale, the City will determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from column 1 of Attachment 2--for the appropriate acreage and location category--by the Parcel's total acreage.

Step 7: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 5 and the City's administrative cost for calculating these amounts.

Subsequent to the Initial Sale of Bonds

Step 8: Determine if all bonds have been sold or if the District is between the first and last bond sale. This will determine the bond issuance category for the base Prepayment amount. If the District is between the first and last bond sale, column 2 of **Attachment 2** will be used. If all bonds have been sold, column 3 of **Attachment 2** will be used.

Step 9: Determine the Parcel's base Prepayment amount by multiplying the base Prepayment Amount per acre from either column 2 or 3 of **Attachment 2**--for the appropriate acreage, location, and bond issuance category--by the Parcel's total acreage.

Step 10: Determine the total Prepayment amount for a Parcel by adding to the base Prepayment amount calculated in Step 9 any fees, call premiums, amounts necessary to cover negative arbitrage from the date of the prepayment to first call date on the bonds, early call penalties, and other expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

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 Parcel acreage (gross, gross developable or net);
- the Maximum Annual Special Taxes which applied in each Fiscal Year; and
- the authorized Special Taxes levied in each Fiscal Year.

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

8. Appeals

Any taxpayer that 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

*North Natomas Drainage Basins 5 & 6 CFD No. 2
Rate and Method of Apportionment
April 13, 1998*

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 Drainage CFD No. 97-02
Maximum Special Tax Rates for Developable Parcels [1]

Fiscal Year Ending	Fiscal Year Ending	Maximum Special Tax					
		Drainage Shed 5 Parcels			Drainage Shed 6 Parcels		
		Per Gross Acre	Per Gross Developable Acre	Per Net Acre	Per Gross Acre	Per Gross Developable Acre	Per Net Acre
	<i>June 30</i>						
1999	1999	\$2,180	\$2,520	\$2,770	\$2,680	\$3,090	\$3,400
2000	2000	\$2,224	\$2,571	\$2,825	\$2,734	\$3,152	\$3,468
2001	2001	\$2,268	\$2,622	\$2,882	\$2,788	\$3,215	\$3,537
2002	2002	\$2,313	\$2,674	\$2,940	\$2,844	\$3,279	\$3,608
2003	2003	\$2,360	\$2,728	\$2,998	\$2,901	\$3,345	\$3,680
2004	2004	\$2,407	\$2,782	\$3,058	\$2,959	\$3,412	\$3,754
2005	2005	\$2,455	\$2,838	\$3,119	\$3,018	\$3,480	\$3,829
2006	2006	\$2,504	\$2,895	\$3,182	\$3,079	\$3,549	\$3,905
2007	2007	\$2,554	\$2,953	\$3,245	\$3,140	\$3,620	\$3,984
2008	2008	\$2,605	\$3,012	\$3,310	\$3,203	\$3,693	\$4,063
2009	2009	\$2,657	\$3,072	\$3,377	\$3,267	\$3,767	\$4,145
2010	2010	\$2,711	\$3,133	\$3,444	\$3,332	\$3,842	\$4,227
2011	2011	\$2,765	\$3,196	\$3,513	\$3,399	\$3,919	\$4,312
2012	2012	\$2,820	\$3,260	\$3,583	\$3,467	\$3,997	\$4,398
2013	2013	\$2,876	\$3,325	\$3,655	\$3,536	\$4,077	\$4,486
2014	2014	\$2,934	\$3,392	\$3,728	\$3,607	\$4,159	\$4,576
2015	2015	\$2,993	\$3,460	\$3,803	\$3,679	\$4,242	\$4,667
2016	2016	\$3,053	\$3,529	\$3,879	\$3,753	\$4,327	\$4,761
2017	2017	\$3,114	\$3,599	\$3,956	\$3,828	\$4,413	\$4,856
2018	2018	\$3,176	\$3,671	\$4,035	\$3,904	\$4,502	\$4,953
2019	2019	\$3,239	\$3,745	\$4,116	\$3,983	\$4,592	\$5,052
2020	2020	\$3,304	\$3,820	\$4,198	\$4,062	\$4,683	\$5,153
2021	2021	\$3,370	\$3,896	\$4,282	\$4,143	\$4,777	\$5,256
2022	2022	\$3,438	\$3,974	\$4,368	\$4,226	\$4,873	\$5,361
2023	2023	\$3,506	\$4,053	\$4,455	\$4,311	\$4,970	\$5,469
2024	2024	\$3,577	\$4,135	\$4,544	\$4,397	\$5,069	\$5,578
2025	2025	\$3,648	\$4,217	\$4,635	\$4,485	\$5,171	\$5,690
2026	2026	\$3,721	\$4,302	\$4,728	\$4,575	\$5,274	\$5,803
2027	2027	\$3,795	\$4,388	\$4,823	\$4,666	\$5,380	\$5,919
2028	2028	\$3,871	\$4,475	\$4,919	\$4,760	\$5,487	\$6,038
2029	2029	\$3,949	\$4,565	\$5,017	\$4,855	\$5,597	\$6,159
2030	2030	\$4,028	\$4,656	\$5,118	\$4,952	\$5,709	\$6,282
2031	2031	\$4,108	\$4,749	\$5,220	\$5,051	\$5,823	\$6,407
2032	2032	\$4,190	\$4,844	\$5,324	\$5,152	\$5,940	\$6,536
2033	2033	\$4,274	\$4,941	\$5,431	\$5,255	\$6,058	\$6,666
2034	2034	\$4,360	\$5,040	\$5,540	\$5,360	\$6,180	\$6,800
2035	2035	\$4,447	\$5,141	\$5,650	\$5,467	\$6,303	\$6,936
2036	2036	\$4,536	\$5,244	\$5,763	\$5,577	\$6,429	\$7,074
2037	2037	\$4,627	\$5,348	\$5,879	\$5,688	\$6,558	\$7,216
2038	2038	\$4,719	\$5,455	\$5,996	\$5,802	\$6,689	\$7,360
2039	2039	\$4,814	\$5,565	\$6,116	\$5,918	\$6,823	\$7,507
2040	2040	\$4,910	\$5,676	\$6,238	\$6,036	\$6,959	\$7,657

"attachment_1"

[1] The Maximum Annual Special Tax for Development-Restricted Parcels is set at 50 percent of the Maximum Annual Special Tax for Developable Parcels shown above.

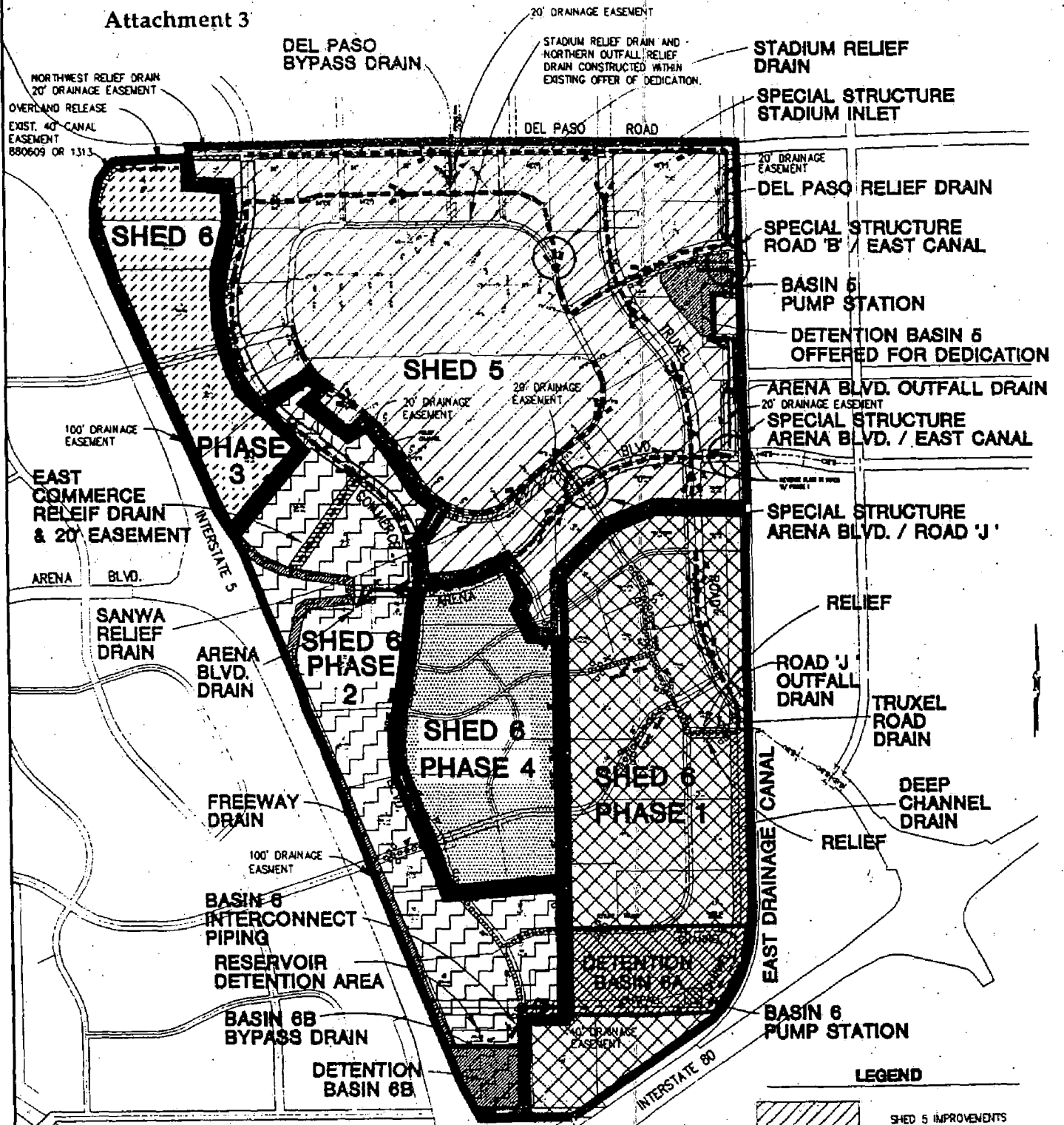
Attachment 2
North Natomas Drainage CFD No. 97-02
Estimated Base Prepayment Amount
(Amounts shown are subject to change annually)

	Column 1	Column 2	Column 3
	Prior to 1st Bond Sale	Between 1st & Last Bond Sale	After Last Bond Sale
	1998\$	Inflated \$	Inflated \$
Construction and Formation Cost - 1998	\$19,590,771	\$20,690,345	\$20,690,345
Estimated Bonds - Inflated \$ [1]	n/a	\$32,000,000 authorization	\$28,966,483 estimated
Shed 5 Parcels Prepayment			
<i>Share of Facilities Cost</i>	40.99%	40.99%	40.99%
Gross Acre	\$15,437	\$25,215	\$22,824
Gross Developable Acre	\$17,643	\$28,819	\$26,087
Net Acre	\$19,590	\$31,999	\$28,965
Shed 6 Parcels Prepayment			
<i>Share of Facilities Cost</i>	59.01%	59.01%	59.01%
Gross Acre	\$18,956	\$30,963	\$28,028
Gross Developable Acre	\$21,665	\$35,389	\$32,034
Net Acre	\$24,056	\$39,293	\$35,569
Initial Estimated CFD Acreage			
	<u>Shed 5</u>	<u>Shed 6</u>	<u>Total</u>
Gross Acres [3]	520.2	609.9	1,130.1
Gross Developable Acres [3]	455.1	533.6	988.7
Net Acres [3]	409.9	480.6	890.5

Notes: Assumes 7.5% reserve fund credit.

"prepayment"

- [1] Determined annually under Step 2 of the Prepayment formula described in Section 6.
- [2] Determined annually under Step 3 of the Prepayment formula described in Section 6. Add to these amounts the additional costs described under Steps 6 and 9 of Section 6 to arrive at the total Prepayment Amount.
- [3] Determined annually under Step 1 of the Prepayment formula described in Section 6.



LEGEND

	SHED 5 IMPROVEMENTS
	SHED 6 PHASE 1 IMPROVEMENTS
	SHED 6 PHASE 2 IMPROVEMENTS
	SHED 6 PHASE 3 IMPROVEMENTS
	SHED 6 PHASE 4 IMPROVEMENTS

NOTES:
1. FOR DRAINAGE SYSTEM & NODE IDENTIFICATION SEE FIGURE 'J'

<p>1 1</p>	<p>VAIL ENGINEERING CORPORATION CORPORATION PUBLIC PLANNING & CONSULTING 3000 AVENUE 68, SUITE 200 DENVER, COLORADO 80202</p>	<p>FIGURE K FACILITY PHASING EXHIBIT PROPOSED FACILITIES FOR SHEDS 5 AND 6</p>		<p>SCALE: 1" = 100'</p>		<p>Revisions</p> <table border="1"> <tr> <th>NO.</th> <th>DATE</th> <th>DESCRIPTION</th> </tr> <tr> <td>Δ</td> <td></td> <td></td> </tr> <tr> <td>Δ</td> <td></td> <td></td> </tr> <tr> <td>Δ</td> <td></td> <td></td> </tr> <tr> <td>Δ</td> <td></td> <td></td> </tr> <tr> <td>Δ</td> <td></td> <td></td> </tr> </table>	NO.	DATE	DESCRIPTION	Δ			Δ			Δ			Δ			Δ		
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CITY OF SACRAMENTO

AFFIDAVIT OF COMPLIANCE WITH
THE REQUIREMENTS FOR PUBLISHING
A NOTICE OF PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO INCUR
A BONDED INDEBTEDNESS FOR THE
NORTH NATOMAS COMMUNITY
FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

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. 98-144 (the "Resolution") adopted by the City
Council of the City of Sacramento on April 28, 1998, she complied with the requirements for
publishing a Notice of Public Hearing on the Resolution to incur a bonded indebtedness for the
North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento,
State of California (the "Community Facilities District"), as required by Section 5 of the
Resolution, by causing a copy of such notice to be published in the Daily Recorder, a newspaper
of general circulation circulated within the area of the Community Facilities District, and that
attached hereto, marked Exhibit A and incorporated herein and made a part hereof, is a true and

correct copy of an affidavit of publication on file in her office showing that such notice as annexed to said affidavit was duly published one time on April 30, 1998.

Valerie A. Burrows
City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 28 day of April, 1998.

Virginia K. Henry
NOTARY PUBLIC
State of California

[Notarial Seal]

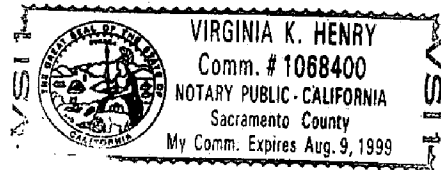


EXHIBIT A

[ATTACH AFFIDAVIT OF PUBLICATION OF N-2]

NOTICE OF THE PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO INCUR A
BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND
CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Sacramento (the "City") has duly adopted Resolution No. 98-144 (the "Resolution") on April 28, 1998, wherein it declared its intention 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, to incur a bonded indebtedness in the principal amount of thirty-two million dollars (\$32,000,000) to finance the acquisition and construction of certain public drainage facilities therein referred to (the "Facilities") in and for a community facilities district referred to in the Resolution, to be known as the "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"). 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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities, all as more particularly described in the Resolution.

NOTICE IS HEREBY FURTHER GIVEN that Thursday, the 4th day of June, 1998, at the hour of 2:00 o'clock P.M., at the regular meeting place of the Council, Sacramento City Hall, 915 I Street, Sacramento, California 95814, has been fixed by the Council as the time and place for a public hearing to be held by the Council to consider the incurring of such bonded indebtedness to finance the costs of the acquisition and construction of the Facilities in and for the Community Facilities District, and at such public hearing any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District for or against the incurrence of such bonded indebtedness, may appear and be heard on the proposed debt issue or on any other matters set forth in the Resolution, and they may present any matters relating to the necessity for 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.

NOTICE IS HEREBY FURTHER GIVEN that a more complete description of the Facilities proposed to be acquired and constructed in and for the Community Facilities District by the issuance of such bonded indebtedness and a description of the incidental expenses

to be financed by such bonded indebtedness and a copy of the Resolution and the boundary map of the Community Facilities District are on file with the City Clerk of the City of Sacramento, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and are available for review there during business hours by any interested persons.

NOTICE IS HEREBY FURTHER GIVEN that questions concerning this notice should be directed to Ed Williams, Department of Public Works, Special Districts Division, telephone (916) 264-5440.

DATED: April 28, 1998.

Valerie Burrowes

City Clerk of the City
of Sacramento

CITY OF SACRAMENTO

AFFIDAVIT OF COMPLIANCE WITH
THE REQUIREMENTS FOR MAILING
A NOTICE OF PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO INCUR
A BONDED INDEBTEDNESS FOR THE
NORTH NATOMAS COMMUNITY
FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

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. ~~98-144~~ (the "Resolution") adopted by the City
Council of the City of Sacramento on April 28, 1998, she complied with the requirements for
mailing a Notice of Public Hearing on the Resolution to incur a bonded indebtedness for the
North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento,
State of California (the "Community Facilities District"), as required by Section 5 of the
Resolution, by causing a copy of such notice to be mailed on April 30, 1998, first class postage
prepaid, to each property owner and to each registered voter within the boundaries of the

Community Facilities District, and that attached hereto, marked Exhibit A and incorporated herein and made a part hereof, is a true and correct copy of such notice in the form mailed.

Salvina A. Burrows

City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 28 day of April, 1998.

Virginia K. Henry

NOTARY PUBLIC
State of California

[Notarial Seal]

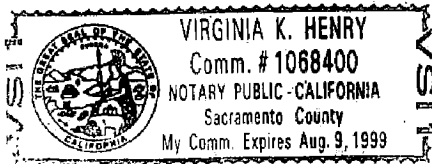


EXHIBIT A

[ATTACH COPY OF N-2 IN FORM MAILED]

NOTICE OF THE PUBLIC HEARING
ON THE RESOLUTION OF INTENTION TO INCUR A
BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND
CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR
THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Sacramento (the "City") has duly adopted Resolution No. 98-144 (the "Resolution") on April 28, 1998, wherein it declared its intention 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, to incur a bonded indebtedness in the principal amount of thirty-two million dollars (\$32,000,000) to finance the acquisition and construction of certain public drainage facilities therein referred to (the "Facilities") in and for a community facilities district referred to in the Resolution, to be known as the "North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"). 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 special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the Facilities, all as more particularly described in the Resolution.

NOTICE IS HEREBY FURTHER GIVEN that Thursday, the 4th day of June, 1998, at the hour of 2:00 o'clock P.M., at the regular meeting place of the Council, Sacramento City Hall, 915 I Street, Sacramento, California 95814, has been fixed by the Council as the time and place for a public hearing to be held by the Council to consider the incurring of such bonded indebtedness to finance the costs of the acquisition and construction of the Facilities in and for the Community Facilities District, and at such public hearing any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District for or against the incurrance of such bonded indebtedness, may appear and be heard on the proposed debt issue or on any other matters set forth in the Resolution, and they may present any matters relating to the necessity for 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.

NOTICE IS HEREBY FURTHER GIVEN that a more complete description of the Facilities proposed to be acquired and constructed in and for the Community Facilities District by the issuance of such bonded indebtedness and a description of the incidental expenses

to be financed by such bonded indebtedness and a copy of the Resolution and the boundary map of the Community Facilities District are on file with the City Clerk of the City of Sacramento, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and are available for review there during business hours by any interested persons.

NOTICE IS HEREBY FURTHER GIVEN that questions concerning this notice should be directed to Ed Williams, Department of Public Works, Special Districts Division, telephone (916) 264-5440.

DATED: April 28, 1998.

Valerie Burrowes

City Clerk of the City
of Sacramento

CERTIFICATE RELATIVE TO VOTERS

NORTH NATOMAS COMMUNITY FACILITIES
DISTRICT NO. 2, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

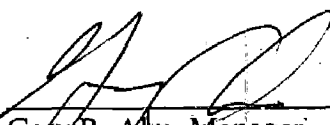
I, Gary R. Alm, hereby declare:

1. I am familiar with the boundary map of the proposed North Natomas Community Facilities District No. 2, City of Sacramento, County of Sacramento, State of California (the "Community Facilities District").

2. I have prepared, from the official records of Sacramento County, a list of all property owners within the Community Facilities District, including the total number of acres owned within the Community Facilities District by each such property owner, a copy of which list is attached hereto as Exhibit A and incorporated herein and made a part hereof.

3. I have personally inspected the land in the Community Facilities District, and have noted the locations of all dwellings therein that might contain registered voters, and I have cross-checked such locations with the Sacramento County Registrar of Voters as well as inquired directly of such officer's records to determine the number of registered voters residing within the boundaries of the Community Facilities District, and based on the foregoing, I have determined that on April 28, 1998, there were no registered voters residing within the Community Facilities District.

I certify the foregoing to be true and correct as of April 28, 1998.



Gary R. Alm, Manager,
Real Estate Services and Special Districts,
Department of Public Works, City of Sacramento

EXHIBIT A

**CITY OF SACRAMENTO
NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

LIST OF PROPERTY OWNERS

<u>Parcel No.</u>	<u>Name of Property Owner</u>	<u>No. of Acres</u>	<u>Total Votes</u>
22500700430000	ALLEGHANY PROPERTIES	41.36	
22500700490000	ALLEGHANY PROPERTIES	38.04	
22500700740000	ALLEGHANY PROPERTIES	5.36	
22500700750000	ALLEGHANY PROPERTIES	22.77	
22501400160000	ALLEGHANY PROPERTIES	16.34	
22501400170000	ALLEGHANY PROPERTIES	9.67	
22501500310000	ALLEGHANY PROPERTIES	3.84	
22501500330000	ALLEGHANY PROPERTIES	1.50	
22501500380000	ALLEGHANY PROPERTIES	6.37	
22501500430000	ALLEGHANY PROPERTIES	1.18	
22501500440000	ALLEGHANY PROPERTIES	5.47	
22501500450000	ALLEGHANY PROPERTIES	7.70	
22501500460000	ALLEGHANY PROPERTIES	40.09	
22501500470000	ALLEGHANY PROPERTIES	19.00	
22501500480000	ALLEGHANY PROPERTIES	110.70	
22501500490000	ALLEGHANY PROPERTIES	43.59	
22501500500000	ALLEGHANY PROPERTIES	15.25	
22501800380000	ALLEGHANY PROPERTIES	47.47	
22501800390000	ALLEGHANY PROPERTIES	9.76	
	SUBTOTAL	445.46 ACRES	446
22501500140000	B & B & SONS ENTERPRISES I	25.79	
22501500250000	B & B & SONS ENTERPRISES I	18.26	
22501500270000	B & B & SONS ENTERPRISES I	13.08	
22501500280000	B & B & SONS ENTERPRISES I	20.19	

**CITY OF SACRAMENTO
NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

LIST OF PROPERTY OWNERS

Parcel No.	Name of Property Owner	No. of Acres	Total Votes
SUBTOTAL		77.32 ACRES	78
22500700770000	BUZZ OATES ENTERPRISES II.	6.18	
22500700780000	BUZZ OATES ENTERPRISES II.	6.62	
22500700790000	BUZZ OATES ENTERPRISES II.	8.01	
22500700800000	BUZZ OATES ENTERPRISES II.	7.39	
22500700810000	BUZZ OATES ENTERPRISES II.	9.32	
22500700820000	BUZZ OATES ENTERPRISES II.	8.96	
22500700830000	BUZZ OATES ENTERPRISES II.	8.45	
22500700840000	BUZZ OATES ENTERPRISES II.	8.59	
22500700850000	BUZZ OATES ENTERPRISES II.	10.03	
22500700860000	BUZZ OATES ENTERPRISES II.	8.46	
SUBTOTAL		82.02 ACRES	83
22500700760000	CITY OF SACRAMENTIO	100.41	
SUBTOTAL		100.41 ACRES	101
22500700590000	KINGS ARCO ARENA	13.14	
22500700600000	KINGS ARCO ARENA	53.64	
22500700630000	KINGS ARCO ARENA	4.68	
22500700670000	KINGS ARCO ARENA	11.91	
SUBTOTAL		83.37 ACRES	84
22501500320000	SACRAMENTO SPORTS ASS	3.85	
SUBTOTAL		3.85 ACRES	4
22500700540000	SACRAMENTO PROPERTIES H	43.21	
SUBTOTAL		43.21 ACRES	44
22501500300000	STATE VENTURES INC.	9.72	

**CITY OF SACRAMENTO
 NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2
 COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

LIST OF PROPERTY OWNERS

Parcel No.	Name of Property Owner	No. of Acres	Total Votes
22501500360000	STATE VENTURES INC.	11.06	
SUBTOTAL		20.78 ACRES	21
22501500150000	SUPER PALLET RECYCLING C	0.29	
22501500180000	SUPER PALLET RECYCLING C	12.44	
SUBTOTAL		12.73 ACRES	13
22500700570000	THE CAMBAY GROUP, INC.	10.76	
22500700640000	THE CAMBAY GROUP, INC.	31.76	
22500700700000	THE CAMBAY GROUP, INC.	22.03	
22500700730000	THE CAMBAY GROUP, INC.	34.66	
SUBTOTAL		99.21 ACRES	100
TOTAL		968.358 ac.	974 votes

THE DAILY RECORDER

...Since 1911...

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Fax (916) 444-0636

RECEIVED
CITY CLERKS OFFICE
CITY OF SACRAMENTO

May 5 3 49 PM '98

SAC. CITY CLERK PO#8070060934
915 I St., Rm. 304/ V. HENRY
Sacramento CA 95814

Proof of Publication

(2015.5 C.C.P.)

State of California)
County of Sacramento) ss

AD 8649

I am a citizen of the United States; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of THE DAILY RECORDER, a daily newspaper published in the English language in the City of Sacramento, County of Sacramento, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of Sacramento, State of California, under date of May 2, 1913, Case No. 16,180. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

05/01/98

EXECUTED ON : 05/01/98
AT LOS ANGELES, CALIFORNIA

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

C. Bramble
.....
Signature

DJC8920829

NOTICE OF THE PUBLIC HEARING ON THE RESOLUTION OF INTENTION TO INCUR A BONDED INDEBTEDNESS TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC DRAINAGE FACILITIES IN AND FOR THE NORTH NATOMAS COMMUNITY FACILITIES DISTRICT NO. 2, CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

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lic hearing any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District for or against the incurrence of such bonded indebtedness, may appear and be heard on the proposed debt issue or on any other matters set forth in the Resolution, and they may present any matters relating to the necessity for 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.

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NOTICE IS HEREBY FURTHER GIVEN that questions concerning this notice should be directed to Ed Williams, Department of Public Works, Special Districts Division, telephone (916) 264-6440.

DATED: April 28, 1998
SACRAMENTO CITY COUNCIL
CITY OF SACRAMENTO
BY: VALERIE A. BURROWES,
CITY CLERK
SAC-DJC8920829/AD 8649

05/01