



1.7

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

DEVELOPMENT SERVICES
& SPECIAL DISTRICTS
1231 I STREET, ROOM 300
SACRAMENTO, CA 95814

TECHNICAL SERVICES
DIVISION

APPROVED
BY THE CITY COUNCIL

PH 916-264-7474
FAX 916-264-7480

June 15, 1998

JUN 30 1998

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 95-01 ANNEXATION NO. 1 – AUTHORIZE SALE OF BONDS AND ADOPT ORDINANCE AND RESOLUTION LEVYING SPECIAL TAX

LOCATION AND COUNCIL DISTRICT:

Properties within the Development Fee Financing Community Facilities District (CFD) are located in Council Districts 1, 3, 5 and 6 (see attached Exhibit A map).

RECOMMENDATION:

This report recommends that City Council adopt the following:

- Ordinance Levying Special Tax;
- Resolution Approving the Form of Indenture Providing for the Form, Execution and Issuance of Special Tax Bonds, Approving the Form of Purchase Agreement, Approving the Form of Preliminary Official Statement, and Approving Proposal of Pay Agent; and
- Resolution Establishing the Revenue and Expenditure Budget.

CONTACT PERSON:

Jim Johnston, Administrative Analyst, 264-7967

FOR COUNCIL MEETING OF: June 30, 1998

SUMMARY:

It is requested that City Council adopt the attached ordinance and resolutions for the Development Fee Financing CFD Annexation No. 1. This Council action will complete the annexation process by levying the special tax, authorizing the sale of bonds and establishing the revenue and expenditure budget.

COMMITTEE/COMMISSION ACTION:

None.

City of Sacramento
Development Fee Financing CFD 95-01 Annexation No. 1
June 15, 1998

BACKGROUND INFORMATION:

On May 19, 1998, Council held a public hearing and conducted a special election on the formation of the Development Fee Financing CFD Annexation No. 1. Annexation No. 1 was approved.

FINANCIAL CONSIDERATIONS:

The special tax will be placed on the County tax roll for 10 years, beginning in FY 1998/99. Revenue from the bonds sold will: (1) reimburse the landowners for prepaid development fees; (2) be deposited by the City for deferred fees due and payable; (3) be transferred to other agencies for deferred fees when payable; and (4) cover administrative and bond related expenses.

A summary of district costs is as follows:

City of Sacramento deferred fees	\$1,002,078
Buzz Oates Reimbursement	\$1,079,796
Raleys' Reimbursement	\$61,877
County Regional Sanitation District	\$74,200
Total Fees Financed	\$2,217,951
SDIRS	\$23,259
Formation Costs	\$26,000
Bond Counsel	\$27,500
Capitalized Interest	\$38,300
Miscellaneous Costs	\$17,590
Subtotal	\$2,350,600
Bond Discount	\$76,650
Reserve Account	\$127,750
Total District Costs	\$2,555,000

ENVIRONMENTAL CONSIDERATION:

The environmental review for the development projects listed in this report have previously been completed. Council action in approving the attached resolutions is exempt from CEQA because it will have no conceivable affect on the physical environment.

POLICY CONSIDERATION:

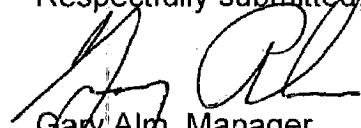
The procedures under which this district is formed are set forth in Title 5 of the Government Code entitled, "The Mello-Roos Community Facilities Act of 1982."

City of Sacramento
Development Fee Financing CFD 95-01 Annexation No. 1
June 15, 1998

MBE/WBE:

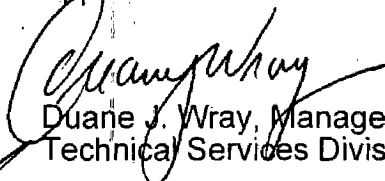
City Council adoption of the attached ordinance and resolutions is not affected by City policy related to MBE/WBE.

Respectfully submitted,



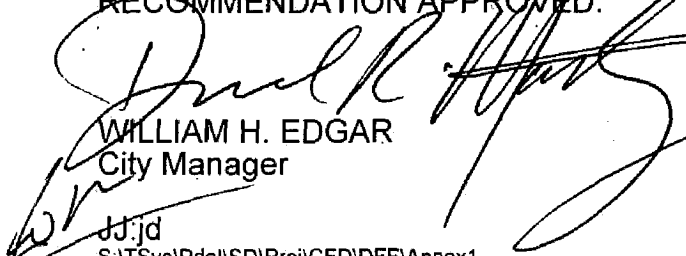
Gary Alm, Manager
Development Services & Special Districts

Approved:



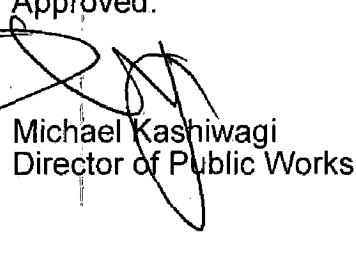
Duane J. Wray, Manager
Technical Services Division

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

Approved:

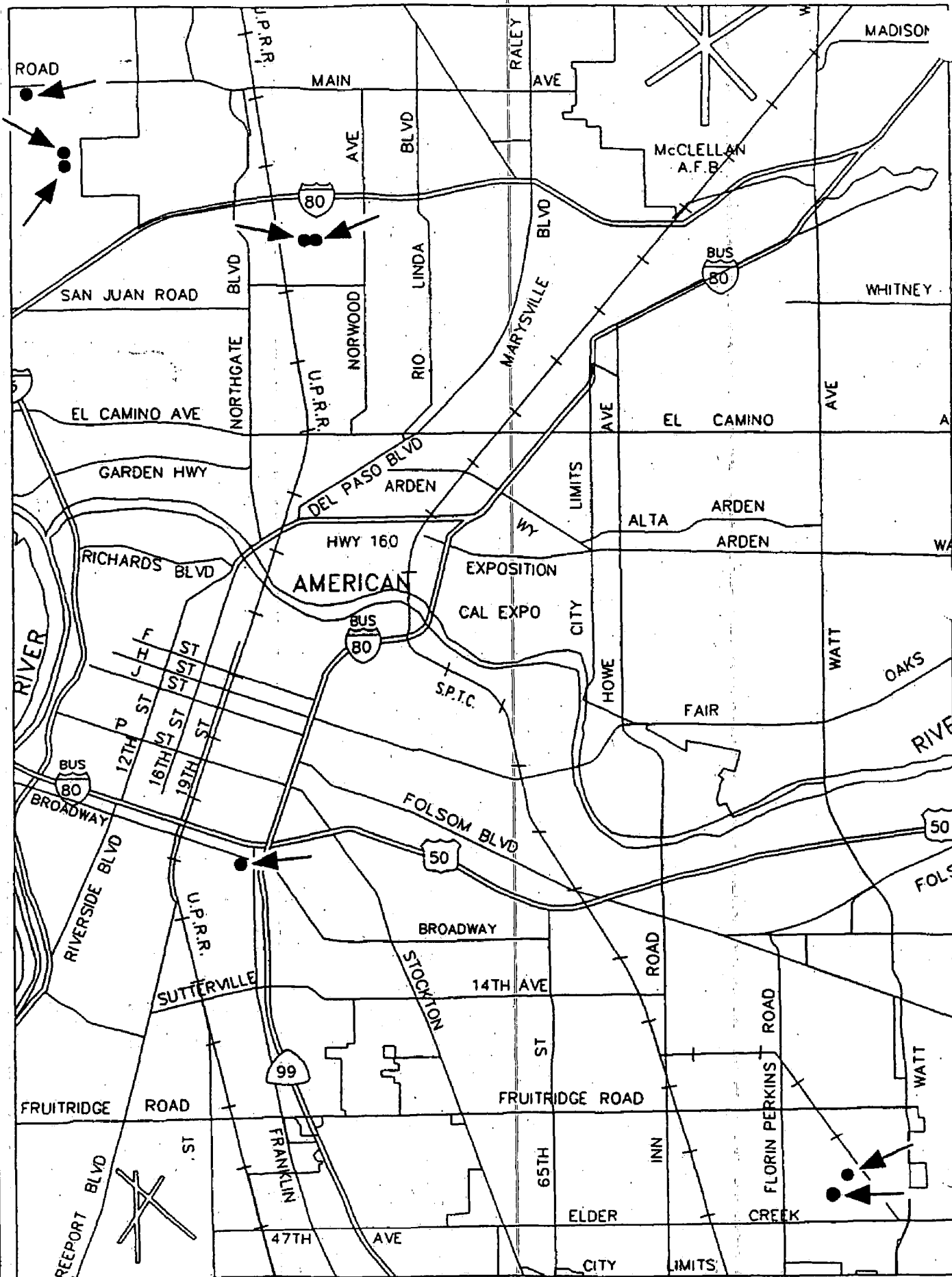


Michael Kashiwagi
Director of Public Works

JJ:jd
S:\TSvs\Pdell\SD\Proj\CFD\IDFF\Annex1

Attachments

DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 95-01
ANNEXATION NO. 1



ORDINANCE NO. 98-023

APPROVED
BY THE CITY COUNCIL

JUN 30 1998

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

**ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF SACRAMENTO LEVYING A SPECIAL TAX
FOR FISCAL YEAR 1998-1999
AND THE FOLLOWING FISCAL YEARS
SOLELY WITHIN AND RELATING TO
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT NO. 95-01
CITY OF SACRAMENTO
SACRAMENTO COUNTY, CALIFORNIA**

Be it Enacted by the Council of the City of Sacramento:

1. Pursuant to Government Code Sections 53328 and 53340, and in accordance with the Special Tax Rate as shown in Exhibit A hereto, a special tax is hereby authorized to be levied on all taxable parcels within Development Fee Financing Community Facilities District No. 95-01 for the 1998-1999 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax; provided, that the amount so levied may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of this Council.

2. The Director of Public Works of the City of Sacramento (the "City") is authorized and directed, with the aid of the appropriate officers and agents of the City, to determine each such fiscal year, without further action of this Council, the annual special tax requirement, to prepare the annual special tax roll in the amount of such special tax requirement and, without further action of this Council, to provide all necessary and appropriate information to the Sacramento County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the special tax on the secured property tax roll of the County of Sacramento (the "County").

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

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SF2-83263.1

ORDINANCE NO. _____

DATE ADOPTED: _____

4. The City agrees that the County may deduct its reasonable and agreed charges for collecting the special tax from the amounts collected, prior to remitting the special tax collections to the City.

5. Taxpayers who have requested changes or corrections of the special tax and who are not satisfied with the decision of the Director of Public Works (whether the Director of Public Works simply disagrees with the taxpayer or feels the Department of Public Works is not authorized to consider the change requested), may appeal to the Council. The appeal must be in writing and fully explain the grounds of appeal. Any appeal must be based solely on the correction of mistakes in the levy based upon the status of the property. No other appeals will be allowed. The office of the Director of Public Works shall schedule the appeal for consideration within a reasonable time at a Council meeting.

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

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

8. The TITLE only of this Ordinance shall have been published at least once in a newspaper of general circulation published in the City of Sacramento, after being passed for publication of Title by the Council, at least three days before the adoption of this Ordinance by the Council, pursuant to Section 32(c) of the Sacramento City Charter. It is hereby found that the Title of this Ordinance was published in _____, a newspaper of general circulation published in the City of Sacramento on _____, 1998.

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

DATE ADOPTED: _____

This Ordinance was PASSED FOR PUBLICATION by the City Council of the City of Sacramento, County of Sacramento, State of California, on this _____ day of _____, 1998; and PASSED AND ADOPTED by said Council this _____ day of _____, 1998.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO.: _____

DATE ADOPTED: _____

EXHIBIT A
DEVELOPMENT FEE FINANCING CFD NO. 95-01
Amended Special Tax Rate

SHEET 3

28-May-98

ID #	Parcel #	Total Eligible Fees	Bond Costs(1)	Reserve Account(2)	Total Cost	Est. Annual Cost(3)	Annual Admin	Sp. Tax Levy	Max Annual Special Tax(4)
1	015-0041-015-0000	\$258,569	\$27,225	\$15,042	\$300,836	\$44,833	\$1,872	\$46,705	\$53,711
2	062-0050-059-0000	\$692,047	\$72,867	\$40,259	\$805,172	\$119,994	\$5,010	\$125,004	\$143,755
3	062-0140-007-0000	\$87,616	\$9,225	\$5,097	\$101,938	\$15,192	\$634	\$15,826	\$18,200
4	062-0140-012-0000	\$183,827	\$19,355	\$10,694	\$213,876	\$31,874	\$1,331	\$33,205	\$38,186
5	225-0160-070-0000	\$467,204	\$47,639	\$27,097	\$541,940	\$78,626	\$2,904	\$81,530	\$93,760
6	010-0242-019-0000	\$190,537	\$17,980	\$10,975	\$219,492	\$29,838	\$739	\$30,577	\$35,163
7	062-0140-013-0000	\$992,429	\$93,651	\$57,162	\$1,143,243	\$155,346	\$3,848	\$159,194	\$183,073
8	062-0150-012-0000	\$101,211	\$9,551	\$5,830	\$116,591	\$15,857	\$392	\$16,249	\$18,687
9	225-0070-081-0000	\$401,331	\$37,872	\$23,116	\$462,319	\$62,830	\$1,556	\$64,386	\$74,044
10	225-0160-069-0000	\$308,653	\$29,126	\$17,778	\$355,557	\$48,325	\$1,197	\$49,522	\$56,950
11	250-0025-062-0000	\$36,514	\$3,446	\$2,103	\$42,063	\$5,731	\$142	\$5,873	\$6,753
12	250-0025-063-0000	\$45,116	\$4,257	\$2,599	\$51,972	\$7,077	\$175	\$7,252	\$8,340
TOTALS		\$3,765,054	\$372,196	\$217,750	\$4,355,000	\$615,523	\$19,800	\$635,323	\$730,621

S:\TECHSVC\Project Delivery\SpecDist\KARENDATA\123\MELLO\DEV\FEE\OFFTX\FOR.WK4\all 12 parcels

NOTES:

- (1) Bond costs for each parcel based on percentage of parcel eligible fees to total district eligible fee.
- (2) Reserve account is 5% of total district costs.
- (3) Annual Tax based on series A: 8% interest rate for 10 years, series B: 6% interest rate for 10 years. Actual annual tax based on debt service need.
- (4) Maximum Special Tax based on 115% of estimated special tax levy.

use this chart as exhibit to rate and method of apportionment and reso of formation

EXHIBIT A

APPROVED
BY THE CITY COUNCIL

JUN 30 1998

RESOLUTION NO. 98-315

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO PROVIDING FOR THE FORM, EXECUTION AND ISSUANCE OF ITS CITY OF SACRAMENTO DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 95-01 SPECIAL TAX BONDS, SERIES B (1998); APPROVING THE FORM OF THE FIRST SUPPLEMENTAL INDENTURE PROVIDING FOR THE ISSUANCE OF SUCH BONDS AND AUTHORIZING ITS EXECUTION; APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH BONDS AND AUTHORIZING ITS DISTRIBUTION; APPROVING THE FINAL OFFICIAL STATEMENT RELATING TO SUCH BONDS AND AUTHORIZING ITS EXECUTION; APPROVING THE FORM OF BOND PURCHASE CONTRACT RELATING TO SUCH BONDS AND AUTHORIZING ITS EXECUTION; AND AUTHORIZING AND RATIFYING ACTIONS BY THE OFFICERS OF THE CITY IN FURTHERANCE OF THE ISSUANCE OF SUCH BONDS

WHEREAS, the City Council (the "City Council") of the City of Sacramento (the "City"), by proceedings duly had and taken pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), is authorized to annually levy a special tax against parcels of land within its City of Sacramento Development Fee Financing Community Facilities District No. 95-01 ("CFD 95-01") and to issue special tax bonds in amounts not to exceed a total of twenty-five million dollars (\$25,000,000) to finance the construction and acquisition of the authorized facilities as specified in Resolution No. 95-138 adopted by the City Council on April 6, 1995; and

WHEREAS, on May 16, 1995, the City Council adopted its Resolution No. 95-248 approving the Indenture providing for the form, execution and issuance of special tax bonds (the "Original Indenture") which provided for the issuance of its City of Sacramento Development Fee Financing Community Facilities District No. 95-01 Special Tax Bonds, Series A (1995) (the "Series A (1995) Bonds") in the principal amount of \$1,800,000, as well as the issuance of subsequent series of bonds by supplemental indentures; and

WHEREAS, the Original Indenture specifies the conditions for the issuance of additional bonds other than the Series A (1995) Bonds and the procedure for the issuance of such additional bonds in Section 5.5 thereof; and

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RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the City Council desires to provide for the form, execution and issuance of an additional issue of bonds on a parity with the Series A (1995) Bonds under the terms and conditions of the Original Indenture and a supplemental indenture meeting the requirements of Section 5.5 thereof; and

WHEREAS, the First Supplemental Indenture (the "First Supplemental Indenture") now on file with the City Clerk is such a supplemental indenture under the terms of Section 5.5 of the Original Indenture, and it is desirable and necessary to approve the First Supplemental Indenture to specify the conditions, terms and form of such additional issue of special tax bonds in the principal amount of two million five hundred fifty-five thousand dollars (\$2,555,000) and to designate such additional issue of bonds as the "City of Sacramento Development Fee Financing Community Facilities District No. 95-01 Special Tax Bonds, Series B (1998)" (the "Series B (1998) Bonds"); and

WHEREAS, the City Council has carefully considered the terms and conditions of the First Supplemental Indenture; and

WHEREAS, it is also desirable and necessary to approve the forms of the various financing documents to accompany the issuance of the Series B (1998) Bonds; and

WHEREAS, the firm of Stone & Youngberg LLC (the "Underwriter") has submitted an offer to purchase the Series B (1998) Bonds pursuant to a form of Bond Purchase Contract (the "Purchase Contract") now on file with the City Clerk; and

WHEREAS, the City Council has considered carefully the terms and conditions of the Purchase Contract, and has determined that a private sale of the Series B (1998) Bonds to the Underwriter in accordance with the Purchase Contract would result in a lower overall cost to the City; and

WHEREAS, the City has caused to be prepared an Official Statement in preliminary form relating to the Series B (1998) Bonds, a copy of which is on file with the City Clerk;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento as follows:

SECTION 1

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

SECTION 2

The First Supplemental Indenture approved hereby constitutes a supplemental indenture under the Original Indenture, and the terms of the Original Indenture, except as they deal solely with the Series A (1995) Bonds, shall govern the Series B (1998) Bonds issued thereunder.

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

SECTION 3

The First Supplemental Indenture, substantially in the form on file with the City Clerk, is hereby approved by the City Council, and the Mayor and the City Clerk of the City are hereby authorized to execute, attest and deliver the First Supplemental Indenture on behalf of the City, with such changes therein as the City Treasurer or his designee may require or approve after consultation with Bond Counsel, such execution, attestation and delivery to be conclusive evidence of the approval by the City Council of such changes.

SECTION 4

The Purchase Contract, in the form submitted by Stone & Youngberg LLC and on file with the City Clerk, is hereby approved for execution and delivery by the City Treasurer, with such changes therein as the City Treasurer or his designee may require or approve after consultation with Bond Counsel, including final pricing, such execution and delivery to be conclusive evidence of the approval by the City Council of such changes, provided, that the true interest rate on the Series B (1998) Bonds shall not exceed seven per cent (7%) per annum and the Underwriter's discount for the sale of the Series B (1998) Bonds shall not exceed three per cent (3%) of the principal amount thereof.

SECTION 5

The Preliminary Official Statement (the POS) on file with the City Clerk is hereby approved as to form, acknowledging that there are blank spaces yet to be filled in, and some additional information still to be obtained and inserted. When those blanks have been filled in, and that additional information obtained and inserted, the POS will be deemed near final by the City Council for the purposes of Rule 15c2-12 of the Securities and Exchange Commission of the United States. The City Council hereby delegates to the City Treasurer, or his designee, the authority to determine that the blanks have been filled in (except those which are to remain blank until the Final Official Statement is prepared), to determine that the additional information has been obtained and inserted, and the authority, in that event, to certify that the POS is deemed near final by the City Council as set forth above. Upon such certification, the Underwriter is authorized to distribute to the public copies of the Preliminary Official Statement.

SECTION 6

The City Treasurer or his designee is authorized to sign and deliver the final Official Statement, to be substantially in the form of the POS, such execution and delivery to be conclusive evidence of the approval by the City Council of the final Official Statement.

SECTION 7

The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents, including the tax certificate and the continuing disclosure certificate, and contracts, which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Series B (1998) Bonds and otherwise to carry out, give effect to and comply with the terms and intent of the Original Indenture, the First Supplemental Indenture, the Series B (1998) Bonds, the Preliminary Official Statement and the Official Statement; and any such actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

SECTION 8

This First Supplemental Resolution shall take effect from and after its adoption.

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

AYES:

NOES:

ABSENT:

ATTEST:

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

APPROVED
BY THE CITY COUNCIL

JUN 30 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-316

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION ESTABLISHING DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 95-01 ANNEXATION NO. 1 REVENUE AND EXPENDITURE BUDGET IN THE AMOUNT OF \$2,255,000

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

1. The "Development Fee Financing Community Facilities District No. 95-01 Annexation No. 1" is hereby established; the project number is 43AD.
2. The following appropriation increase will be supported by revenue that is forthcoming from the sale of bonds (Series A) to be issued. The District Revenue Budget is established as follows:

\$2,555,000	840-ASD-43AD-3714	From Sale of Bonds
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The District Expenditure Budget is established as follows:

\$74,200	840-ASD-43AD-4343	Sacramento Regional Sanitation District
\$1,079,796	840-ASD-43AD-4343	Buzz Oates Reimbursement
\$61,877	840-ASD-43AD-4343	Raleys' Reimbursement
\$1,002,078	840-ASD-43AD-4343	Deferred Fees (to City)
\$38,300	840-ASD-43AD-4520	Capitalized Interest
\$10,000	840-ASD-43AD-4330	City Special Districts Office
\$14,000	840-ASD-43AD-4802	Bond Printing & Official Statement
\$7,500	840-ASD-43AD-4258	City Treasurer's Office
\$7,500	840-ASD-43AD-4258	City Attorney's Office
\$23,259	840-ASD-43AD-4287	S.D.I.R.S.
\$638	840-ASD-43AD-4820	Calif. Debt. & Invest. Ad. Comm.
\$27,500	840-ASD-43AD-4802	Bond Counsel
\$127,750	840-ASD-43AD-4852	Reserve Account
\$1,000	840-ASD-43AD-4852	Accounting Set-up
\$2,952	840-ASD-43AD-4852	Miscellaneous Costs

\$2,478,350

(The expenditure budget plus the bond discount of \$76,650 equals the revenue budget.)

These appropriations will provide sufficient funds to pay all incidental expenses associated with said district.

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RESOLUTION NO. _____

DATE ADOPTED: _____

3. The Director of Administrative Services is hereby authorized and directed to expend the total sum of \$2,217,951 as follows:

\$1,079,796	to Buzz Oates Enterprises
\$61,877	to Raleys'
\$1,002,078	for deferred fees
\$74,200	to Sacramento Regional Sanitation District
\$337,049	to pay for other incidental expenses

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

[Approval Draft of 30 June 1998]

CITY OF SACRAMENTO
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT NO. 95-01

A FIRST SUPPLEMENTAL INDENTURE
PROVIDING FOR THE FORM, EXECUTION AND
ISSUANCE OF
SPECIAL TAX BONDS, SERIES B (1998)

Dated as of July 1, 1998

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CITY OF SACRAMENTO
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT NO. 95-01

A FIRST SUPPLEMENTAL INDENTURE
PROVIDING FOR THE FORM, EXECUTION AND ISSUANCE OF
SPECIAL TAX BONDS, SERIES B (1998)

By this First Supplemental Indenture, dated as of July 1, 1998, the City Council of the City of Sacramento hereby provides for the form, execution and issuance of \$2,555,000 Special Tax Bonds, Series B (1998) of Development Fee Financing Community Facilities District No. 95-01, City of Sacramento, Sacramento County, California (the "Series B (1998) Bonds").

ARTICLE X

RECITALS

Section 10.0 RECITALS. On May 16, 1995, the City Council (the "Council") of the City of Sacramento adopted its Resolution No. 95-248, which approved the Bond Indenture (the "Original Indenture") for the City's Development Fee Financing Community Facilities District No. 95-01, Special Tax Bonds, Series A (1995) (the "Series A (1995) Bonds"), under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), which Original Indenture is dated as of June 1, 1995, and pursuant thereto the Series A (1995) Bonds were issued.

Under the terms of Section 5.5 of the Original Indenture, additional bonds on a parity with the Series A (1995) Bonds may be issued pursuant to a supplemental indenture meeting the requirements of that section, and this First Supplemental Indenture is adopted as such a supplemental indenture under Section 5.5 of the Original Indenture.

Section 10.1 REQUIRED FINDINGS FOR THE ISSUANCE OF

ADDITIONAL BONDS. The City hereby finds, based upon a certificate of the City Treasurer filed with the City and with the Paying Agent, that (1) the special tax proceeds that would be available to the City, if the special tax were to be levied and collected at its maximum rate and amount on all Property within CFD 95-01 in each fiscal year during which any Series A (1995) Bonds and Series B (1998) Bonds are to be outstanding, based upon the taxable parcels as of the date of closing of the Series B (1998) Bonds, will be equal to at least one hundred fifteen per cent (115%) of the debt service requirements for each fiscal year on the Series A (1995) Bonds and the Series B (1998) Bonds ; and (2) with respect to the period of time preceding the receipt of special tax proceeds as calculated under (1) above, the funds that will be available to the City if the special tax as most recently levied is fully collected, and funds from any other source identified in this First Supplemental Indenture (including capitalized interest), will be equal to at least one hundred per cent (100%) of the interest and principal requirements due on all outstanding Series A (1995) Bonds and Series B (1998) Bonds during such period; and (3) the fair market value of the land and improvements for each parcel in respect of which the developer fees are being financed by the Series B (1998) Bonds subject to the special tax, as shown by a current MAI appraisal, is at least six (6) times the sum of (a) the aggregate principal amount of the Series B (1998) Bonds proposed to be issued allocable to each such parcel for developer fees and financing costs, plus (b) the aggregate principal amount of all assessment liens on such parcel, plus (c) the proportion of the aggregate principal amount of all other community facilities district bonds outstanding which are payable from special taxes to be levied on such parcel within the area of CFD 95-01; provided, that such fair market value may be determined by adding the assessed value of the land only, as shown on the most recent secured property tax roll

of the County, plus the construction value of the proposed improvements, in which case the above ratio must be at least eight (8) to one, rather than six (6) to one, and for these purposes, "construction value" shall be determined by the standard valuation procedure used by the City in calculating building permit fees.

Section 10.2 RELATIONSHIP OF THIS FIRST SUPPLEMENTAL INDENTURE TO THE ORIGINAL BOND INDENTURE. The Original Indenture ended with Article IX, and this First Supplemental Indenture begins with Article X. The provisions of the Original Indenture, except as they are amended by this First Supplemental Indenture, or except as they deal solely with the Series A (1995) Bonds, govern the Series B (1998) Bonds issued hereunder.

The term "Indenture" as used herein, unless the context otherwise requires, shall mean the Original Indenture and this First Supplemental Indenture, and the two shall be considered one document for purposes of the Series B (1998) Bonds. The term "Bonds" as used in this First Supplemental Indenture shall mean the Series A (1995) Bonds and the Series B (1998) Bonds. The term "Bonds" as used in the Original Indenture shall, unless the context requires otherwise, include the Series B (1998) Bonds. The term "herein" and terms of similar import used in this First Supplemental Indenture shall be deemed to refer also to the Original Indenture unless the context requires otherwise. Capitalized terms not defined in this First Supplemental Indenture shall have the meanings given to them in the Original Indenture.

ARTICLE XI

THE SERIES B (1998) BONDS

Section 11.0 ISSUANCE OF THE SERIES B (1998) BONDS. The Council has reviewed all proceedings taken relative to the authorization of the Series B (1998) Bonds and

hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Series B (1998) Bonds do exist, have happened and have been performed in due time, form and manner as required by the Act, and the City is now authorized to issue the Series B (1998) Bonds. The Council hereby provides for the form, execution and issuance of special tax bonds under the provisions of the Act. The bonds shall be designated "City of Sacramento Development Fee Financing Community Facilities District No. 95-01 Special Tax Bonds, Series B (1998)" (the "Series B (1998) Bonds") in the amount of \$2,555,000. The Series B (1998) Bonds shall be issued as fully registered bonds. The Series B (1998) Bonds shall be issued in denominations of \$5,000 or integral multiples thereof with dates and maturities as set forth in this Supplemental Indenture. The Series B (1998) Bonds shall be signed by the Mayor and the City Clerk, and the seal of the City shall be affixed thereon. Both signatures and the seal of the City may be reproduced on the Series B (1998) Bonds by facsimile, but upon its registration or re-registration each Series B (1998) Bond shall be authenticated by the manual signature of the Paying Agent. If any officer whose signature appears on the Series B (1998) Bonds ceases to be that officer before delivery of the Series B (1998) Bonds, his or her signature is as effective as if he or she had remained in office. No person executing the Series B (1998) Bonds shall be liable personally on the Series B (1998) Bonds by reason of their issuance.

The Paying Agent shall assign to all Series B (1998) Bonds authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof which shall be available to the City for inspection.

The Series B (1998) Bonds shall be dated as of July 1, 1998, and the first interest payment date shall be September 1, 1998. The Series B (1998) Bonds shall mature and shall bear interest at the rates as shown on the maturity schedule attached hereto as Exhibit A.

The Series B (1998) Bonds shall be special obligations of the City by and through its CFD 95-01, secured by a pledge of and payable from the special tax described in the Resolution of Formation (the "Special Tax"), in favor of all present and future owners of the Series B (1998) Bonds without preference, priority or distinction. Neither the full faith and credit nor any general taxing power of CFD 95-01, the City, the State of California nor any political subdivision thereof is pledged to nor liable on the Series B (1998) Bonds.

Section 11.1 FORM OF THE SERIES B (1998) BONDS. The Series B (1998) Bonds shall be issued substantially in the form set forth as Exhibit B to this First Supplemental Indenture, the terms of which are incorporated herein by this reference, with necessary or appropriate variations as may be approved by City staff and bond counsel.

Section 11.2 APPLICATION OF PROCEEDS OF THE SERIES B (1998) BONDS. The proceeds from the sale of these Series B (1998) Bonds shall be deposited by the City Treasurer as follows:

(1) in the Reserve Account the amount of \$ _____, representing an amount sufficient to increase the amount on deposit in the Reserve Account to five per cent (5%) of the original principal amount of all series of the Bonds secured by the Reserve Account, which shall constitute the Reserve Requirement for all series of the Bonds;

(2) in the Redemption Account the amount of \$ _____ representing capitalized interest from the date of the Series B (1998) Bonds to September 1, 1998;

(3) in the Development Fee Account the remainder of the Series B (1998)

Bond proceeds.

Section 11.3 OPTIONAL REDEMPTION OF THE SERIES B (1998) BONDS.

The Series B (1998) Bonds are subject to optional redemption by the City in advance of maturity as a whole on any date or in part on any interest payment date in integral multiples of \$5,000 upon mailed notice as provided in the Original Indenture, at the following redemption prices (equal to the following percentage of principal amount of the Series B (1998) Bonds or portions thereof called for redemption) together with accrued interest to the date of redemption, as follows:

103% if redeemed prior to September 1, 2002;
102% if redeemed on or after September 1, 2002.

Additionally, the Series B (1998) Bonds or any portion of them in the amount of \$5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City on any interest payment date from the proceeds of any condemnation pursuant to Section 53317.5 of the Act (eminent domain), or any similar provision that may be enacted, without premium. In addition, the Series B (1998) Bonds or any portion of them in the amount of \$5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City on any interest payment date from the proceeds of the liquidation of any letter of credit or other security posted by a property owner within CFD 95-01 in the event a certificate of occupancy is not issued to that property within the time required, with a premium as set forth above.

Section 11.4 PAYMENT ON SERIES B (1998) BONDS. Principal and interest on the Series B (1998) Bonds shall be payable as set forth in Section 4.4, except that principal shall be payable as set forth in Exhibit A hereto, and the first interest payment date for the Series B (1998) Bonds shall be September 1, 1998.

Section 11.5 REGISTRATION. The Series B (1998) Bonds shall be initially registered as set forth in Section 4.5. The Depository Trust Company is similarly appointed to act in respect of the Series B (1998) Bonds; and registered ownership of the Series B (1998) Bonds may not thereafter be transferred except as provided in Section 11.6.

The City and the Paying Agent will treat the owner of a Series B (1998) Bond, as shown on the registration books kept by the Paying Agent, as the person exclusively entitled to payment of principal, premium, if any, and interest on the Series B (1998) Bond and to the exercise of all other rights and powers of the owner, except that all interest payments will be made to the owner registered as such as of the record date next preceding any interest payment date.

Section 11.6 USE OF DEPOSITORY FOR BONDS. (a) The Bonds shall be initially issued and registered as provided in Section 11.5. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the Paying Agent, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the City to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no

longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the City to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) upon receipt of the outstanding Bonds by the Paying Agent, together with a written request of the City to the Paying Agent, a new Bond for each maturity shall be executed and delivered in the aggregate principal amount of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the City. In the case of any transfer pursuant to clause (iii) of subsection (a) upon receipt of the outstanding Bonds by the Paying Agent, together with a written request of the City to the Paying Agent, new Bonds shall be executed and delivered in such denominations (numbered in the manner determined by the Paying Agent) and registered in the names of such persons as are requested in such written request of the City, and thereafter Bonds shall be transferred pursuant to Section 4.6; provided, that the Paying Agent shall not be required to deliver such new Bonds on a date prior to sixty (60) days after receipt of such written request of the City.

(c) The City and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes, notwithstanding any notice to

the contrary received by the City or the Paying Agent; and the City and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the City nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except to The Depository Trust Company or its successor (or substitute depository or its successor) as a Bondholder.

(d) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the City and the Paying Agent shall cooperate with Cede & Co., as sole Bondholder, or its registered assigns, in effecting payment of the interest on and principal of and redemption premiums, if any, on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

ARTICLE XII

COVENANTS OF THE CITY

Section 12.0 COVENANTS. The City expressly makes all of its covenants from the Original Indenture to the owners of the Series B (1998) Bonds.

ARTICLE XIII

CONTINUING DISCLOSURE

Section 13.0 CONTINUING DISCLOSURE. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Section 13.1 RIGHTS OF BENEFICIAL OWNERS. For purposes of the covenant contained in this article, the rights and powers conferred upon Bondholders under Article VI hereof shall also be conferred upon any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

ARTICLE XIV

AMENDMENT OF OR SUPPLEMENT TO THE FIRST SUPPLEMENTAL INDENTURE

Section 14.0 AMENDMENT OF OR SUPPLEMENT TO THE FIRST SUPPLEMENTAL INDENTURE. This First Supplemental Indenture and the rights and obligations of the City and of the owners of the Series B (1998) Bonds may be amended or supplemented at any time in accordance with the terms of Article VIII.

ARTICLE XV

MISCELLANEOUS

Section 15.0 CONTRACT WITH SERIES B (1998) BONDHOLDERS. This First Supplemental Indenture constitutes a contract between the City, the Paying Agent, and the registered owners of the Series B (1998) Bonds, and shall be for the equal and proportionate benefit of all Series B (1998) Bondholders.

Section 15.1 SEVERABILITY. If any covenant, agreement or provision, or any portion thereof, contained in this First Supplemental Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected.

Section 15.2 GOVERNING LAW. This First Supplemental Indenture shall be construed according to the laws of the State of California.

Section 15.3 COUNTERPARTS. This First Supplemental Indenture may be executed in more than one copy, and any copy, bearing original signatures, may serve as an original counterpart of the Indenture.

Dated as of: July 1, 1998

CITY OF SACRAMENTO

By _____
City Treasurer

APPROVED AS TO FORM:

By _____
City Attorney

ATTEST:

By _____
City Clerk

U.S. BANK TRUST NATIONAL ASSOCIATION,
Paying Agent

By _____
Authorized Signatory

[END OF SUPPLEMENTAL INDENTURE]

EXHIBIT A
MATURITY SCHEDULE

CITY OF SACRAMENTO
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT NO. 95-01
SERIES B (1998) SPECIAL TAX BONDS

Bonds mature on September 1 in the years and amounts, and bear interest at the annual rates, set forth below:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
1999	_____	_____
2000	_____	_____
2001	_____	_____
2002	_____	_____
2003	_____	_____
2004	_____	_____
2005	_____	_____
2006	_____	_____
2007	_____	_____
2008	_____	_____

EXHIBIT B

SERIES B (1998) BOND FORM

United States of America
State of California
County of Sacramento

REGISTERED

REGISTERED

Number

\$

CITY OF SACRAMENTO
DEVELOPMENT FEE FINANCING
COMMUNITY FACILITIES DISTRICT NO. 95-01
SPECIAL TAX BOND, SERIES B (1998)

INTEREST RATE

MATURITY DATE

BOND DATE

CUSIP NUMBER

July 1, 1998

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

The City of Sacramento, Sacramento County, California, a California municipality, by and through its DEVELOPMENT FEE FINANCING COMMUNITY FACILITIES DISTRICT NO. 95-01, ("CFD 95-01"), duly organized and existing under and by virtue of the Mello-Roos Community Facilities Act of 1982, Sections 53311 and following of the Government Code of the State of California ("Mello-Roos Act"), and pursuant to an original Indenture approved by its Resolution No. 95-248 Providing for the Form, Execution and Issuance of Special Tax Bonds Series A (1995) adopted May 16, 1995, and a First Supplemental Indenture approved by its Resolution No. _____ Providing for the Form, Execution and Issuance

of Special Tax Bonds Series B (1998) adopted June 30, 1998 (collectively, the "Bond Indenture"), hereby acknowledges its indebtedness and promises to pay to the registered owner named above, or registered assigns, the principal sum specified above, on the maturity date stated above, together with interest on said sum payable semiannually on March 1 and September 1 of each year commencing on September 1, 1998 until this Series B (1998) Bond is paid (each an "Interest Payment Date"). Interest is based upon a 360-day year divided into 12 months of 30 days each. Principal is payable in lawful money of the United States of America upon presentation of the Bond at the principal corporate trust office of U. S. Bank Trust National Association in St. Paul, Minnesota, or its successor, as paying agent, transfer agent and registrar (the "Paying Agent"). Interest shall be paid by check mailed on each Interest Payment Date to the owner of each Bond registered as such on the 15th day of the month next preceding the Interest Payment Date or maturity of each Bond (a "Record Date"), at the owner's address appearing on the register maintained by the Paying Agent as of the Record Date, except that in the case of an owner of \$1,000,000 or more of principal amount of Series B (1998) Bonds outstanding, payment will be made, at the owner's option, by wire transfer of immediately available funds according to written instructions provided by such owner to the Paying Agent at least by the Record Date for such Interest Payment Date.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of registration hereof unless such date of registration is after a Record Date and before the close of business on the next Interest Payment Date, in which event it shall bear interest from that Interest Payment Date, or unless the date of registration is before the close of business on the first Record Date, in which event interest will be payable from the date hereof. If, however, at the time of registration of any Bond, interest is in default, the Bond will bear

interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

This Bond is subject to optional redemption by the City in advance of maturity as a whole on any date or in part on any interest payment date in integral multiples of \$5,000 upon mailed notice as provided by the Indenture, at the following redemption prices (equal to the following percentage of its principal amount or any portion of it called for redemption) together with accrued interest to the date of redemption, as follows:

103% if redeemed prior to September 1, 2002;
102% if redeemed on or after September 1, 2002.

Additionally, the Series B (1998) Bonds or any portion of them in the amount of \$5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City on any interest payment date from the proceeds of any condemnation pursuant to Section 53317.5 of the Act (eminent domain), or any similar provision that may be enacted, without premium. In addition, the Series B (1998) Bonds or any portion of them in the amount of \$5,000 or any integral multiple thereof may be called before maturity and redeemed at the option of the City on any interest payment date from the proceeds of the liquidation of any letter of credit or other security posted by a property owner within CFD 95-01 in the event a certificate of occupancy is not issued to that property within the time required, with a premium as set forth above.

Notice of call and redemption prior to maturity shall be given, as provided in the Bond Indenture, by mailed notice to the registered owner not less than 30 nor more than 60 days prior to the date fixed for redemption.

Neither the full faith and credit nor any general taxing power of CFD 95-01, the City of Sacramento, the State of California nor any political subdivision thereof is pledged to nor liable on the Series B (1998) Bonds. Any tax for the payment hereof shall be limited to the annual special tax authorized under the Mello-Roos Act, to be collected within CFD 95-01 (the "Special Tax"). The Bonds do not constitute obligations of the City, or its CFD 95-01 for which said City or CFD 95-01 is obligated to levy or pledge, or has levied or pledged, general or special taxation other than as described in the proceedings forming CFD 95-01.

This Bond is secured equally and ratably with every other Series B (1998) Bond, and with the previously issued Series A (1995) Bonds (as defined in the Indenture), of CFD 95-01, in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the City Clerk of the City of Sacramento), and reference is hereby made to the Mello-Roos Act and to the Indenture, and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Mello-Roos Act and the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each taker and subsequent registered owner hereof shall have recourse to all the provisions of the Mello-Roos Act and the Indenture and shall be bound by all the terms and conditions thereof.

Additional Bonds payable from the proceeds of the Special Tax may be issued which will rank equally as to security with the Series A (1995) Bonds and the Series B (1998) Bonds, but only subject to the conditions and limitations contained in the Indenture.

PROVISIONS FOR REGISTRATION

This Bond shall be registered in the name of the owner hereof as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Paying Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication and registration endorsed hereon.

No transfer hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof and interest hereon shall be payable only to the registered owner or to such owner's order.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of CFD 95-01 and the City of Sacramento, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the City Council of the City of Sacramento, acting for its CFD 95-01, has caused this Bond to be signed in facsimile by the Mayor of the City of Sacramento, and by the City Clerk, and has caused its corporate seal to be reproduced in facsimile hereon, all as of the first day of July, 1998.

CITY OF SACRAMENTO

City Clerk

Mayor

(SEAL)

Certificate of Authentication and Registration

This is one of the Bonds described in the within mentioned Bond Indenture, which has been authenticated and registered on

U. S. BANK TRUST NATIONAL ASSOCIATION,
as Paying Agent

By _____
Authorized Signatory

[FORM OF ASSIGNMENT TO
APPEAR ON BONDS]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within Bond and do(es) hereby irrevocably constitute and appoint _____ attorney to transfer the same on the bond register of the Paying Agent, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. Signature must be guaranteed by an eligible guarantor institution (being banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____