

## RESOLUTION 2019-230

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LINCOLN TO FORM A COMMUNITY FACILITIES DISTRICT AND TO LEVY SPECIAL TAXES THEREIN

**WHEREAS**, a community facilities district is proposed to be established (the "Community Facilities District") under the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act"); and

**WHEREAS**, the boundaries of the Community Facilities District are described in a boundary map on file in the office of the City Clerk of the City of Lincoln (the "City Clerk"); and

**WHEREAS**, for the preliminary scope of the project and financing contemplated by these proceedings, reference is made to Resolutions No. 2019-197 (the "Resolution of Intention") and No. 2019-198 adopted by the City Council of the City (the "City Council") on August 27, 2019; and

**WHEREAS**, on October 8, 2019, at the time and place scheduled for the public hearing concerning the formation of the Community Facilities District, said public hearing of protests was duly convened by the City Council, and the City Council duly heard all interested parties desiring to be heard; and

**WHEREAS**, the City Council determined that a majority protest under Section 53324 of the Government Code was not made at the public hearing and therefore the proposed formation of the Communities Facilities District and special tax to be levied within the Community Facilities District have not been eliminated by majority protest pursuant to said Section 53324.

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

Section 1. The City Council finds and determines that the foregoing recitals are true and correct.

Section 2. The City Council hereby forms the Community Facilities District under the terms of the Act. The boundaries of the Community Facilities District are shown on the boundary map approved by the Resolution of Intention (the "Boundary Map"). A copy of the recorded Boundary Map is on file with the City Clerk and was recorded on September 4, 2019, at Book 3, Page 87 in the Book of Maps of Assessment and Community Facilities Districts in the official real estate records of the County of Placer.

Section 3. The name of the Community Facilities District is "City of Lincoln Community Facilities District No. 2019-1 (Independence at Lincoln)" ("CFD No. 2019-1").

Section 4. The types of public facilities (the "Facilities") and services (the "Services") proposed to be financed by CFD No. 2019-1, and to the financing of which CFD No. 2019-1 is proposed to contribute, are set forth on Exhibit A and Exhibit B, respectively, attached to this resolution. The City Council hereby finds and determines that these Facilities and Services are necessitated to meet increased demands placed upon the City by new development occurring or anticipated within CFD No. 2019-1.

Section 5. All of the Facilities to be financed will have an estimated useful life of at least five (5) years. They are public facilities that the City or another governmental entity is authorized

by law to construct, own or operate or to which they may contribute revenue. The Facilities to be financed need not be physically located within CFD No. 2019-1.

Section 6. The types of incidental expenses and bond issuance costs proposed to be incurred are set forth on Exhibit C attached to this resolution.

Section 7. Except where funds are otherwise available, special taxes sufficient to pay for all Facilities and Services will be annually levied within CFD No. 2019-1. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure the related levy of the special tax shall attach to all nonexempt real property within CFD No. 2019-1, and the lien shall continue in force and effect until the special tax obligation (or any portion thereof) is paid or prepaid and permanently satisfied and the special tax lien is cancelled in accordance with law or until collection of the special tax by the City ceases. The rate and method of apportionment of the special tax to be levied in CFD No. 2019-1 is set forth in Exhibit D, attached to this resolution. The special tax with respect to the Facilities on any parcel within CFD No. 2019-1 shall not be levied after Fiscal Year 2058-59. The special tax with respect to the Services shall be levied perpetually until the collection of the special tax by the City ceases. In the case of any special tax to pay for the Facilities and to be levied against any parcel used for private residential purposes, under no circumstances will the special tax levied against any parcel be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within CFD No. 2019-1 by more than 10 percent of the special tax for Facilities that would be levied in that Fiscal Year but for such delinquencies or defaults.

Section 8. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within CFD No. 2019-1, may be reimbursed from bond proceeds or from special tax revenues or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

To the extent the Facilities will not be constructed by the City, in the opinion of the City Council, the public interest will not be served by allowing the property owners in CFD No. 2019-1 to intervene in a public bidding process pursuant to Section 53329.5(a) of the Act.

Section 9. The City intends to reserve to itself the right and authority to allow bond tenders from any interested landowner within CFD No. 2019-1 to be accepted under Government Code sections 53344.1 and 53356.8 in full or part payment of any installment of the special taxes or the interest or penalties thereon.

Section 10. The City Manager, including any Interim City Manager, or his/her designee (the "City Manager") will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, and for responding to inquiries regarding estimates of future special tax levies. The City Manager is authorized, on behalf of the City, to negotiate and execute, from time to time, one or more contracts with private consultants to provide this service in lieu of the City Manager, provided that the fees and charges for such private consultants will be provided for out of special tax revenues in CFD No. 2019-1.

Section 11. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

Section 12. The special tax will be billed as a separate line item on the secured property tax bills, and will be subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular *ad valorem* property taxes. However, the City reserves the right, under Section 53340, to utilize any method of collecting each special tax which it shall, from

time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing, and when lawfully available, judicial foreclosure of the special tax lien.

Section 13. This City Council hereby establishes the annual appropriations limit of CFD No. 2019-1 at \$6,000,000 for the 2019-20 fiscal year.

Section 14. Based upon a certificate relative to voters heretofore filed with the City Clerk, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within CFD No. 2019-1. The City Clerk or her designee will conduct the election by mailed ballot.

Section 15. This City Council now finds and determines that all proceedings up to and including the adoption of this resolution were and are valid and in conformity with the requirements of the Act. This determination and finding is final and conclusive in accordance with Government Code Section 53325.1(b).

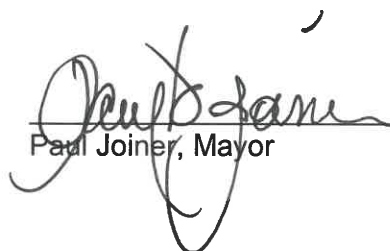
Section 16. This resolution shall take effect from and after its adoption.

**PASSED AND ADOPTED** this 8<sup>th</sup> day of October 2019 by the following roll-call vote:

**AYES:** COUNCILMEMBERS: Karleskint, Gilbert, Andreatta, Joiner

**NOES:** COUNCILMEMBERS:

**ABSENT:** COUNCILMEMBERS: Silhi

  
\_\_\_\_\_  
Paul Joiner, Mayor

ATTEST:

  
\_\_\_\_\_  
Gwen Scanlon, City Clerk

**EXHIBIT A**  
**AUTHORIZED FACILITIES**  
**CITY OF LINCOLN**  
**COMMUNITY FACILITIES DISTRICT NO. 2019-1**  
**(INDEPENDENCE AT LINCOLN)**

**FACILITIES**

The Facilities to be financed by CFD No. 2019-1 include facilities designed to meet the needs of development within CFD No. 2019-1, whether such facilities are located within or outside the boundaries of CFD No. 2019-1, and include but are not limited to the following:

**Transportation Improvements**

Eligible roadway improvements include, but are not limited to: acquisition of land and easements; roadway design; project management; bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete and/or pavers; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site), enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters, Bus Rapid Transit improvements including transfer stations and regional public transit improvements; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed herein also include any and all necessary underground potable and recycled water, sanitary sewer, and storm drainage system improvements.

Authorized facilities include the following transportation improvements:

- Nicolaus Road frontage, improvements and signalization
- New intersection improvements and signalization
- Waverly Drive improvements and signalization
- Other public roadway improvements designed to meet the needs of development of property within CFD No. 2019-1, including internal subdivision streets and related underground utilities.

**Water System Improvements**

Authorized facilities include any and all water facilities, including those expected to be owned or managed by the City and/or another public agency, designed to meet the needs of development of property within CFD No. 2019-1. These facilities include, but may not be limited to: water storage, treatment and distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants, and other improvements related thereto such as site clearing, grading and paving; curbs and

gutters; booster pump stations and power; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

### **Recycled Water System Improvements**

Authorized facilities include any and all recycled water system facilities, including those expected to be owned or managed by the City and/or another public agency, designed to meet the needs of development of property within CFD No. 2019-1. These facilities include, but may not be limited to: treatment and distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto - such as site clearing, grading and paving; curbs and gutters; booster pump stations; stand-by generators; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates, and fencing; and striping and signage.

### **Drainage System Improvements**

Authorized facilities include any and all drainage and storm drain improvements designed to meet the needs of development of property within CFD No. 2019-1. These facilities include, but may not be limited to: excavation and grading, pipelines and appurtenances, outfalls and water quality measures, detention/retention basins, drainage pretreatment facilities, drainage ways/channels, pump stations, landscaping and irrigation; access roads, gates, and fencing; and striping and signage and other improvements related thereto.

### **Wastewater System Improvements**

Authorized facilities include any and all wastewater facilities, including those expected to be owned or managed by the City and/or another public agency, designed to meet the needs of development of property within CFD No. 2019-1. These facilities include, but may not be limited to, pipelines and all appurtenances thereto; manholes; tie-in to existing main lines; force mains; lift stations; upgrades to existing lift stations; odor-control facilities; and permitting related thereto; and related sewer system improvements, including a sewer lift station.

### **Park, Parkway and Open Space Improvements**

Authorized facilities include any and all improvements to parks, parkways and open space required for development of property within CFD No. 2019-1. These facilities include, but may not be limited to: grading, turf, shrubs and trees, landscaping irrigation, site lighting, drainage, sanitary sewer and water service, pedestrian and bicycle trails, protective fencing (including soundwalls), pedestrian/bicycle bridges, storm drain crossings, wetland mitigation, hawk mitigation for authorized facilities herein, access gates and fencing and related open space improvements. Authorized facilities include acquisition of any and all parkland as well as open space/bike trail/public access easements required for development of property within CFD No. 2019-1.

## **Impact Fee Improvements**

Authorized facilities include the improvements that are eligible for funding from the following development impact fees:

### City Impact Fees:

- Roadway
- Drainage
- Wastewater collection
- Wastewater treatment
- Water transmission
- Water storage
- Solid waste
- Public facilities
- Park recreation facilities
- Parks and trails

### Outside Agency Impact Fees:

- Water (Placer County Water Agency)
- Schools (Western Placer Unified School District)
- Capital facilities (Placer County)
- Regional traffic fee (South Placer Regional Transit Authority)

## **Other Incidental Expenses and Bond Issuance Costs**

In addition to the above facilities, other incidental expenses as authorized by the Act, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation, remediation and mitigation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project/construction management; costs (including the costs of legal services) associated with the formation of CFD No. 2019-1; issuance of bonds (if any); determination of the amount of taxes; collection of taxes; payment of taxes; costs of calculating and providing reimbursements from one-time special tax payments; or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2019-1; and any other expenses incidental to the formation and implementation of CFD No. 2019-1 and to the construction, completion, inspection and acquisition of the authorized facilities.

## EXHIBIT B

### AUTHORIZED SERVICES CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2019-1 (INDEPENDENCE AT LINCOLN)

CFD No. 2019-1 will finance, in whole or in part, the following services (“services” shall have the meaning given to that term in the Act), including all related administrative costs, expenses and related reserves for replacement of vehicles, equipment and facilities:

#### Citywide Services

##### Regional Parks

Annual operation, maintenance and servicing, including repair and replacement, of all regional park improvements (includes, but is not limited to, buildings, sport fields, sport courts, playground equipment, play courts, play structures, picnic tables, lighting, drinking fountains, barbeques, landscaping and irrigation systems, etc.). Maintenance also includes cleaning and removal of graffiti, and associated electric, water, sewer, solid waste and other utility costs.

##### Community Parks

Annual operation, maintenance and servicing, including repair and replacement, of all community park improvements (includes, but is not limited to, buildings, sport fields, sport courts, playground equipment, play courts, play structures, picnic tables, lighting, drinking fountains, barbeques, landscaping and irrigation systems, etc.). Maintenance also includes cleaning and removal of graffiti, and associated electric, water, sewer, solid waste and other utility costs.

##### Major Roadway Street Lighting and Traffic Signals

Annual operation, maintenance and servicing, including repair and replacement, of all street light and Traffic Signal improvements (includes poles, fixtures, bulbs, conduits, equipment, including guys, anchors, posts, pedestals and metering devices, etc.). Maintenance also includes cleaning and removal of graffiti, associated electric and other utility costs.

##### Major Roadway Landscaping

Annual operation, maintenance and servicing, including repair and replacement of all landscaping improvements (includes parkways, landscape setbacks, landscape roadway medians, publicly-owned masonry walls, fences, monuments, and features, trails, bike paths, etc.). Maintenance also includes cleaning and removal of graffiti, and associated electric, water and other utility costs.

##### Open Space

Annual operation, maintenance and servicing, including repair and replacement, of all open space and environmental preserve improvements (including performance and management of environmental mitigation monitoring and annual reporting), publicly-owned masonry walls, fences, monuments and features, trails, bike paths, plantings, etc., and grazing. Maintenance also includes cleaning and removal of graffiti and associated electric, water and other utility costs.

### Stormwater

Annual operation, maintenance and servicing, including repair and replacement, of all stormwater improvements (including but not limited to detention and bio-retention basins and associated facilities, field inspections, record keeping, cost of permits and regulatory fees, environmental mitigation monitoring, annual reporting, vegetation management, removal of silt, sediment, trash and debris, etc. from drainage areas, detention and bio-retention basins and City catch basins and outfall structures).

### **Localized Services**

#### Neighborhood Parks

Annual operation, maintenance and servicing, including repair and replacement, of all neighborhood park improvements (includes, but is not limited to, buildings, sport fields, sport courts, playground equipment, play courts, play structures, picnic tables, lighting, drinking fountains, barbecues, landscaping and irrigation system, etc.) Maintenance also includes cleaning and removal of graffiti, and associated electric, water, sewer, solid waste and other utility costs.

#### Neighborhood (Localized) Landscaping

Annual operation, maintenance and servicing, including repair and replacement, of all landscaping improvements (includes parkways, landscape setbacks, landscape roadway medians, irrigation systems, publicly-owned masonry walls, fences, monuments and features, trails, bike paths, etc.). Maintenance also includes cleaning and removal of graffiti, and associated electric, water and other utility costs.

#### Localized Street Maintenance

Annual operation, maintenance, and servicing, including repair and replacement of street improvements (includes pavement, cure and gutter, curb ramps, hardscape, marking and striping, etc.). Maintenance also includes cleaning and removal of graffiti, and associated electric, water, and other utility costs.

#### Neighborhood (Localized) Street Lighting

Annual operation, maintenance and servicing, including repair and replacement, of all street light improvements (includes poles, fixtures, bulbs, conduits, equipment, including guys, anchors, posts, pedestals and metering devices, etc.). Maintenance also includes cleaning and removal of graffiti, associated electric and other utility costs.

### Stormwater

Annual operation, maintenance and servicing, including repair and replacement, of all stormwater improvements (including but not limited to detention and bio-retention basins and associated facilities, field inspections, record keeping, cost of permits and regulatory fees, environmental mitigation monitoring, annual reporting, vegetation management, removal of silt, sediment, trash and debris, etc. from the drainage areas, detention and bio-retention basins and City catch basins and outfall structures).



### **Administrative Expenses and Reserve Collection**

In addition, the following costs will also be funded by the special taxes levied within CFD No. 2019-1 and be allocated to each improvement described above based upon their pro-rata share of needed administrative costs, operating reserves and capital reserves, and actuals or estimated delinquencies.

1. Administrative Expenses including the costs incurred to determine, levy and collect the special taxes, including compensation of City employees for administrative work performed in relation to CFD No. 2019-1 and a proportionate amount of the City's general administrative overhead related thereto, the fees of consultants and legal counsel, the costs of collecting installments of the special taxes upon the general tax rolls, preparation of required reports, and any other costs incurred in the administration of CFD No. 2019-1 by the City;
2. Any amounts needed for operating reserves and capital reserves; and
3. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years.

## EXHIBIT C

### INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2019-1 (INDEPENDENCE AT LINCOLN)

It is anticipated that the following incidental expenses may be incurred for CFD No. 2019-1:

- Engineering services
- Special tax consultant services
- City review and administration
- Bond counsel services
- Bond counsel expenses
- Disclosure counsel services
- Disclosure counsel expenses
- Independent municipal advisor services and expenses
- Appraiser services
- Market absorption study and real estate economist services
- Initial bond transfer agent, fiscal agent, registrar and paying agent fees
- Rebate calculation service set up charge
- Bond printing
- Offering memorandum printing and mailing costs
- Publishing, mailing and posting of notices
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Bond syndication costs
- Governmental notification and filing costs
- Credit enhancement costs
- Real estate acquisition costs
- Rating agency fees
- Charges and fees of City other than those waived

Certain annual costs may be included in each annual special tax levy. These include:

- Annual bond transfer agent, fiscal agent, registrar and paying agent fees
- Annual rebate calculation costs
- Special tax consultant costs and administration expenses
- Other necessary consultant costs
- Costs of posting and collecting the special taxes
- Personnel and Administrative costs of the City
- Arbitrage rebate
- Continuing disclosure reporting and compliance

## EXHIBIT D

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX CITY OF LINCOLN COMMUNITY FACILITIES DISTRICT NO. 2019-1 (INDEPENDENCE AT LINCOLN)

A Special Tax, as hereinafter defined, shall be levied on all Assessor's Parcels in the City of Lincoln (the "City") Community Facilities District No. 2019-1 (Independence at Lincoln) and collected each Fiscal Year commencing in Fiscal Year 2020/21, in an amount determined by the City or its designee, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2019-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Accessory Dwelling Unit"** means a secondary residential unit of limited size, as defined in California Government Code Section 658 as that may be amended from time to time, that is accessory to a single-unit dwelling located on an Assessor's Parcel.

**"Acre" or "Acreage"** means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel may be determined by the CFD Administrator based upon the applicable Final Subdivision Map or parcel map, or by using available spatial data and GIS. The Lot Area of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2019-1: the costs of any paying agents/fiscal agents/trustees related to Bond payments (including the fees and expenses of its counsel), banking and management; the costs of computing the Special Tax Requirement, the Special Taxes and of preparing the collection schedules for the Special Taxes; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements of the California Government Code (including the Act) and the federal securities laws; costs of responding to public inquiries regarding the Special Taxes; the costs of the City or designee related to an appeal of the Special Taxes or interpretation of the Rate and Method of Apportionment; amounts needed to pay rebate to the federal government related to

Bonds; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in the District. Administrative Expenses shall also include an allocable share of the salaries of City staff and an allocable portion of City overhead costs relating to the foregoing, or costs of the City in any way related to the establishment or administration of the District. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2019-1 for any other administrative purposes of CFD No. 2019-1.

**“Assessor’s Data”** means the property characteristic data compiled and maintained by the County Assessor for each Assessor’s Parcel, including, but not limited to, Assessor’s Parcel Number, Use Code, Acreage, Lot Area, and Units.

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

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

**“Assessor’s Parcel Number” or “APN”** means, with respect to an Assessor’s Parcel, that number assigned to such Assessor’s Parcel by the County for purposes of identification.

**“Assigned Special Tax”** means the Assigned Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Authorized Facilities”** means the public facilities authorized to be financed, in whole or in part, by CFD No. 2019-1, including by the proceeds of the CFD No. 2019-1 Bonds. The Special Tax to fund Authorized Facilities may only be levied prior to the Transition Year.

**“Authorized Services”** means the services authorized to be funded, in whole or in part, by CFD No. 2019-1.

**“Backup Special Tax”** means the Backup Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C below.

**“Bonds”** means bonds or other Debt (as defined in the Act), whether in one or more series, issued or assumed by or on behalf of CFD No. 2019-1 under the Act.

**“Building Permit”** means a permit issued by the City for new construction of a residential dwelling.

**“CFD Administrator”** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement, and providing for the levy and collection of the Special Taxes.

“**CFD No. 2019-1**” means City of Lincoln Community Facilities District No. 2019-1 (Independence at Lincoln).

“**City**” means the City of Lincoln.

“**City Council**” means the City Council of the City, acting as the legislative body of CFD No. 2019-1.

“**County**” means the County of Placer.

“**Debt Service**” means for each Debt Year, the total amount of principal and interest due for any Bonds of CFD No. 2019-1.

“**Debt Year**” means the twelve (12) month period ending on the second debt service payment date of each calendar year.

“**Developed Property**” means, for each Fiscal Year, all Taxable Property for which a Building Permit was issued on or before June 1 of the prior Fiscal Year. For example, Taxable Property for which a Building Permit was issued on or before June 1 of the prior Fiscal Year (i.e., June 1, 2020), would be treated as Developed Property for Fiscal Year 2020/21.

“**Expected Unit Count**” means the total expected number of Units of Residential Property expected within CFD No. 2019-1, as shown in Table 1.

“**Final Map Property**” means, in any Fiscal Year, all property for which a Final Subdivision Map had recorded prior to June 1<sup>st</sup> of the preceding Fiscal Year and which has not yet become Developed Property.

“**Final Subdivision Map**” means a subdivision of property created by recordation of a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which residential building permits may be issued without further subdivision of such property.

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

“**GIS**”, or geographic information system, means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

“**Indenture**” means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds for CFD No. 2019-1 are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“**Lot Area**” means the square footage shown on the Assessor’s Parcel Map or in the Assessor’s Data for each Assessor’s Parcel. In the event that the Assessor’s Parcel Map or Assessor’s Data shows no square footage, the Lot Area for any Assessor’s Parcel may

be determined by the CFD Administrator based upon the applicable Final Subdivision Map or parcel map, or by using available spatial data and GIS.

**“Maximum Special Tax”** means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

**“Minimum Taxable Acreage”** means, at the time of the issuance of Bonds for CFD No. 2019-1, and at all times thereafter, 94.90 Acres.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property not classified as Residential Property, Property Owner Association Property, or Public Property,.

**“Outstanding Bonds”** means all Bonds which are outstanding under and in accordance with the provisions of the Indenture.

**“Pay-As-You-Go Expenditure”** means Pay-As-You-Go Revenue which is used or set aside for Authorized Facilities, including for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement until all Authorized Facilities have been constructed or acquired or the Transition Event has occurred.

**“Pay-As-You-Go Revenue”** means Special Tax revenues that are available after being used or set aside for Debt Service, Administrative Expenses, or Authorized Services.

**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2019-1 that is owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**“Proportionately”** means for Developed Property that the ratio of the Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal for all Assessors’ Parcels of Developed Property within CFD No. 2019-1. For Final Map Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Final Map Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property within CFD No. 2019-1.

**“Public Property”** means property within the boundaries of CFD No. 2019-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit was issued for a residential use.

**“Special Tax(es)”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2019-1 to fund the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year for CFD No. 2019-1:

Before the Transition Year, to (1) pay Debt Service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (2) pay for Authorized Services; (3) pay Administrative Expenses; (4) provide any amount required to establish or replenish a reserve fund in connection with any Bonds; (5) any amounts needed for Pay-As-You-Go Expenditures eligible to be funded by CFD No. 2019-1 under the Act, to the extent that the inclusion of such amounts does not increase the Special Tax levy on Undeveloped Property; (6) provide any amount required to establish or replenish any operating reserve held by the City for Administrative Expenses; (7) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (4) or (6). The amounts referred to in clauses (1) through (7) of the preceding sentence may be reduced in any Fiscal Year (in the City's sole discretion) by (i) interest earnings on or surplus balances in funds and accounts for Bonds to the extent that such earnings or balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax, and (iii) any other revenues available to pay Debt Service on the Outstanding Bonds or other indebtedness as determined by the CFD Administrator.

Beginning in the Transition Year, to (1) pay for Authorized Services; (2) pay Administrative Expenses; (3) provide any amount required to establish or replenish any operating reserve held by the City for Administrative Expenses; (4) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act; less (5) a credit for funds available, if any, to reduce the Special Tax levy.

**“State”** means the State of California.

**“Taxable Contingent Property”** means any Assessor’s Parcel of Non-Residential Property, Open Space Property, Property Owner Association Property, Public Property, or other property that would otherwise be classified as Exempt Property pursuant to the provisions of Section E, but cannot be classified as Exempt Property because to do so

would reduce the Acreage of all Taxable Property located within CFD No. 2019-1 below the Minimum Taxable Acreage.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2019-1 which are not exempt from the Special Tax pursuant to law or Section E below.

**“Tentative Map”** means a map that is made for the purpose of showing the design of a proposed subdivision, including the individual lots that are expected within the subdivision, as well as the conditions pertaining thereto. A Tentative Map is not based on a detailed survey of the property within the map and is not recorded with at the County recorder’s office to create legal lots.

**“Tentative Map Property”** means, in any Fiscal Year, all Parcels which are included within a Tentative Map that was approved prior to June 1 of the prior Fiscal Year.

**“Transition Event”** means the earlier of (i) Fiscal Year 2054/55 or (ii) the Fiscal Year when the CFD Administrator determines that both of the following events have occurred (i) all Bonds secured by the levy and collection of the Special Tax in CFD No. 2019-1 have been fully repaid and the City determines that no additional Bonds are to be issued, (ii) all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the District.

**“Transition Year”** means the first year in which the CFD Administrator determines that the Transition Event occurred in the prior Fiscal Year.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, Taxable Contingent Property, or Tentative Map Property.

**“Unit”** means an individual residential living space. The number of Units assigned to each Assessor’s Parcel may be determined by (i) referencing Assessor’s Data, (ii) site surveys and physical unit counts, and/or (iii) reviewing City building permit data. An Accessory Dwelling Unit shall not be considered a Unit for the purposes of the Special Tax.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, the CFD Administrator shall determine the valid Assessor’s Parcel Numbers for all Taxable Property within CFD 2019-1. If any Assessor’s Parcel Numbers are no longer valid from the previous Fiscal Year, the CFD Administrator shall determine the new Assessor’s Parcel Number or Numbers that are in effect for the current Fiscal Year. To the extent an Assessor’s Parcel(s) of Taxable Property are subdivided,



consolidated or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor’s Parcel(s) pursuant to Section C.

Each Fiscal Year, all Assessor’s Parcels within CFD No. 2019-1 shall be classified as follows:

1. Each Assessor’s Parcel shall be determined to be Taxable Property or Tax Exempt Property.
2. Each Assessor’s Parcel of Taxable Property shall further be classified as Developed Property, Final Map Property, Taxable Contingent Property, Tentative Map Property, or Undeveloped Property. Taxable Property shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX RATES**

Notwithstanding the below, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel for which an occupancy permit for private residential use has been issued be increased by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default by the owner(s) of any other Assessor’s Parcel within CFD No. 2019-1.

**PRIOR TO THE TRANSITION EVENT**

**1. Developed Property**

The Maximum Special Tax for each Assessor’s Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

**a. Assigned Special Tax**

The Assigned Special Tax for each Assessor’s Parcel of Developed Property is shown in Table 1.

**TABLE 1**

**ASSIGNED SPECIAL TAX AND EXPECTED UNITS FOR DEVELOPED PROPERTY**

**FISCAL YEAR 2020/21**

<b>Property Type</b>	<b>Assigned Special Tax</b>	<b>Expected Units</b>
Residential Property Lot Area greater than 4,999 square feet	\$2738.70 per Unit	122
Residential Property Lot Area between 4,500 and 4,999 square feet	\$2,417.40 per Unit	98

Residential Property Lot Area between 4,000 and 4,499 square feet	\$2,218.50 per Unit	139
Residential Property Lot Area between 3,375 and 3,999 square feet	\$2,078.76 per Unit	121
Residential Property Lot Area less than 3,374 square feet	\$1,811.52 per Unit	94
<b>Total Expected Units</b>		<b>574</b>

**b. Backup Special Tax**

When a Final Subdivision Map is recorded within CFD No. 2019-1, the Backup Special Tax for each Assessor’s Parcel of Developed Property shown on the Final Subdivision Map shall be determined as follows:

$$B = (\$13,720 \times A) / U$$

These terms have the following meaning:

**B** = Backup Special Tax per Unit assigned to each Assessor’s Parcel

**A** = Minimum Taxable Acreage for CFD No. 2019-1

**U** = Expected Units within CFD No. 2019-1

The Backup Special Tax for an Assessor’s Parcel shall not change once an Assessor’s Parcel is classified as Developed Property.

**c. Increase in the Assigned Special Tax and Backup Special Tax**

On each July 1, commencing on July 1, 2021, the Assigned Special Tax and the Backup Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**2. Final Map Property, Taxable Contingent Property, Tentative Map Property, and Undeveloped Property**

**a. Maximum Special Tax**

The Maximum Special Tax for each Assessor’s Parcel of Final Map Property, Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be \$13,720 per Acre in Fiscal Year 2020/21.

**b. Increase in the Maximum Special Tax**

On each July 1, commencing on July 1, 2021, the Maximum Special Tax for Final Map Property, Taxable Contingent Property, Tentative Map Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**AFTER THE TRANSITION EVENT**

The Maximum Special Tax for each Assessor's Parcel that may be levied in any Fiscal Year after the Transition Event is determined as, an amount equal to 10% of the Maximum Special Tax in the Fiscal Year prior to the Transition Year, adjusted for any parcel that prepaid in part their Special Tax by adding an amount equal to the Special Tax that would have been due in the Fiscal Year prior to the Transition Year if such Parcel had not prepaid.

On each July 1 after the Transition Event, the Maximum Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAXES**

Commencing with Fiscal Year 2020/21 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement, and shall levy the Special Tax until the amount of the Special Tax equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property and Final Map Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on all Tentative Map Property at a rate up to 100% of the Maximum Special Tax for Final Map Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on all Undeveloped Property at a rate up to 100% of the Maximum Special Tax for Tentative Map Property.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax and shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on all Taxable Contingent Property at a rate up to 100% of the Maximum Special Tax for Taxable Contingent Property.

**E. EXEMPTIONS**

1. No Special Tax shall be levied on up to 100 Acres of Open Space Property, Property Owner Association Property, and Public Property. Tax-exempt status will be assigned

by the CFD Administrator in the chronological order in which property becomes Open Space Property, Property Owner Association Property, or Public Property.

2. Open Space Property, Property Owner Association Property, that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Contingent Property. Taxable Contingent Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the sixth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Contingent Property.
3. If the use of an Assessor's Parcel changes so that such Assessor's Parcel is no longer eligible to be classified as one of the uses set forth in Section E.1., above, that would make such Assessor's Parcel eligible to continue to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be deemed to be Taxable Property.

**F. APPEALS**

Any property owner may file a written appeal of the Special Taxes with the CFD Administrator claiming that the amount or application of the Special Taxes is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City Council requires the Special Taxes to be modified or changed in favor of the property owner, the CFD Administrator shall determine if sufficient Special Tax revenue is available to make a cash refund. If a cash refund cannot be made, then an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**G. INTERPRETATIONS**

The City may, by resolution or ordinance, interpret, clarify and/or revise this Rate and Method of Apportionment to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of Parcels, or any definition used herein, as long as such correction does not materially affect the levy and

collection of Special Taxes. In addition, the interpretation and application of any section of this document shall be at the City's discretion.

## **H. MANNER OF COLLECTION**

The Special Taxes shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may, at the sole discretion of the City, directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner as necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on Assessor's Parcels of Taxable Property that are delinquent in the payment of the Special Tax.

## **I. PREPAYMENT OF SPECIAL TAX**

The following definition applies to this Section I:

**“Future Facilities Amount”** means, as of the date of prepayment, all Authorized Facilities financed or anticipated by the City to be financed by CFD No. 2019-1, minus (i) the proceeds of any previously issued Bonds which were, at the time of issuance, available to the City for Authorized Facilities, (ii) the cost of Authorized Facilities or portions thereof previously paid for by Pay-As-You-Go Revenue, and (iii) cost of Authorized Facilities or portions thereof to be paid for by Pay-As-You-Go Revenue previously received and not yet spent.

**“Maximum Special Tax Percentage to be Prepaid”** means the percentage of the Maximum Special Tax prepaid as determined by the CFD Administrator after application of the prepayment calculation set forth below.

**“Previously Issued Bonds”** means all Bonds that have been issued by CFD No. 2019-1 prior to the date of prepayment.

### **1. Prepayment in Part**

The Special Tax obligation of an Assessor's Parcel of Developed Property, Final Map Property, Tentative Map Property, Undeveloped Property, or Taxable Contingent Property may be partially prepaid as described herein; provided that there are no delinquent installments of the Special Tax with respect to such Assessor's Parcel at the time of partial prepayment. An owner of an Assessor's Parcel intending to partially prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. Partial prepayment must be made not less than 60 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such partial prepayment may be given to the Trustee pursuant to the Indenture. The CFD Administrator may charge a fee for providing this service.

The Special Tax Partial Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount	
plus	Redemption Premium	
plus	Defeasance Amount	
plus	Administrative Fees and Expenses	
less	Reserve Fund Credit	
less	<u>Capitalized Interest Credit</u>	
Total: equals	Special Tax Partial Prepayment Amount	

As of the proposed date of partial prepayment, the Special Tax Partial Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

**Step Number:**

1. Confirm that no Special Taxes delinquency apply to such Assessor's Parcel, and if delinquencies are applicable compute all amounts due, including interest and penalties.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Map Property, Tentative Map Property, Undeveloped Property and Taxable Contingent Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permits expected to be issued for that Assessor's Parcel.
3.
  - a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for CFD No. 2019-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2019-1, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.
  - b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for CFD No. 2019-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2019-1, excluding any Assessor's Parcels which have prepaid the Special Tax obligation in full pursuant to Section I.
4. Multiply the larger quotient computed pursuant to Step 3.a or 3.b by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").

5. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium (e.g., the redemption price-100%), if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds (the "Defeasance Amount").
7. Multiply the quotient computed pursuant to Step 3.a or 3.b by the Future Facilities Amount to compute the Future Facilities Share to be prepaid (the "Future Facilities Share").
8. Verify the administrative fees and expenses, including the costs of computation of the partial prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding Bonds, and the costs of recording any notices to evidence the partial prepayment and the redemption (the "*Administrative Fees and Expenses*").
9. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the partial prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve requirement for the Outstanding Bonds to be redeemed pursuant to the partial prepayment (the "*Reserve Fund Credit*"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the partial prepayment date or the redemption date.
10. The Special Tax partial prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 5, 6, 7, and 8 less the amount computed pursuant to Step 9 (the "*Partial Prepayment Amount*").
11. From the Partial Prepayment Amount, the amounts computed pursuant to Steps 4, 5, 6, 7 and 10, shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make Debt Service payments. The amount computed pursuant to Step 8 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Special Tax Partial Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Outstanding Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Outstanding Bonds or to make Debt Service payments.

Current year Special Taxes that are not yet paid will remain outstanding and will be collected in the manner billed. With respect to any Assessor's Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the

Act, to indicate the partial prepayment of the Special Tax and the obligation of such Assessor's Parcel equal to the Maximum Special Tax at time of Partial Prepayment multiplied by the Maximum Special Tax Percentage to be Prepaid, shall continue to be levied on such Assessor's Parcel pursuant to Section D until the Transition Year. Beginning in the Transition Year, the Special Tax applicable to any Assessor's Parcel that has partially prepaid shall be adjusted to an amount which is the same as other Taxable Property in CFD No. 2019-1 assigned a land use which is the same as that of the prepaid parcel.

Notwithstanding the foregoing, no Special Tax partial prepayment shall be allowed unless the amount of that may be levied on Taxable Property (after excluding 100 Acres of Non-Residential Property, Open Space Property, Property Owner Association Property, and Public Property, as set forth in Section E) both prior to and after the proposed partial prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the Maximum Special Tax that may be levied on Taxable Property both prior to and after the proposed partial prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding Bonds.

**J. TERM**

The Special Tax shall be levied and collected for a period not to exceed 70 years commencing with Fiscal Year 2020/21, except that the Special Taxes that were lawfully levied in the authorized period and that remains delinquency may be collected in subsequent years. No portion of the Special Tax shall be levied for Authorized Facilities beyond 35 years from the initial levy of the Special Tax.