



GOODWIN CONSULTING GROUP

**CITY OF ROSEVILLE
DIAMOND CREEK
COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)**

CFD REPORT

April 4, 2007

***Diamond Creek Community Facilities District No. 1
CFD Report***

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I. INTRODUCTION AND BACKGROUND INFORMATION

A. The Diamond Creek Project

The Diamond Creek development project (the “Project”) is part of Phase I of the North Roseville Specific Plan. The proposed Project is a mixed-used development which would include the construction of single family residential uses and retail/commercial uses in the City of Roseville (the “City”). The Project site is bordered by Blue Oaks Boulevard to the south, Diamond Creek Boulevard to the west, Parkside Drive to the north, and residential uses to the east.

The Project contains three tax zones: Tax Zone #1 is expected to comprise 131 single family detached units; Tax Zone #2 is expected to comprise 8 townhome units; and Tax Zone #3 is expected to comprise 75,000 commercial square feet and a yet to be determined number of condominium units. A portion of the condominium units within Tax Zone #3 will be made available to low income households.

On February 21, 2007, the City Council (the “City Council”) of the City adopted a Resolution of Intention to form a community facilities district in accordance with the Mello-Roos Community Facilities Act of 1982 (the “Act”). The City Council also adopted resolutions of intention to levy a special tax and to incur bonded indebtedness for the purpose of financing certain public improvements required to serve the properties located within the proposed district.

B. Overlapping Districts

Property within Diamond Creek Community Facilities District No. 1 (Public Facilities) (the “District” or “CFD No. 1”) is also subject to annual taxes associated with the following:

- North Roseville Community Facilities District No. 1 (Infrastructure)
- North Roseville Community Facilities District No. 2 (Services)
- City of Roseville Community Facilities District No. 3 (Municipal Services)
- Placer County Mosquito Abatement District
- Bonded indebtedness for schools

Appendix D of this report shows an analysis of the total annual burden on a typical single family detached residential (“SFD”) unit in CFD No. 1. Only the North Roseville Community Facilities District No. 1 and the school districts have bonds outstanding while all other districts are service districts and therefore do not have outstanding bonds.

A typical SFD unit has an annual burden equal to 1.48% of the estimated assessed value of \$468,000 (estimated home sales price of \$475,000 minus \$7,000 to account for the homeowners exemption). The annual burden-to-assessed value ratio accounts for all four of the CFDs listed above, including CFD No. 1, as well as the Mosquito Abatement District and the various school bonds.

C. The Mello-Roos Community Facilities Act of 1982

It has been determined that the Act will be an effective funding tool for improvements needed to serve the properties within CFD No. 1. Advantages of the Act include (1) the flexibility as to the facilities that can be funded and (2) the manner in which annual burdens can be allocated to various land uses. Specific to the second point, there is no benefit finding required; special taxes levied under the Act can be allocated in any “reasonable manner.” The Act permits a city, county, or special district to form a community facilities district (“CFD”) within its jurisdiction and, with a two-thirds vote within the CFD, impose special taxes to pay for public improvements and services needed to serve the area.

A CFD may provide for the purchase, construction, expansion, or rehabilitation of any real or tangible property with an estimated useful life of five (5) years or longer, which is needed to meet increased demands placed upon local agencies as a result of development occurring within the CFD. A CFD may also finance the costs of planning, design, engineering, legal assistance and other consultants involved in the construction of improvements or formation of the CFD. The facilities financed do not have to be physically located within the CFD.

D. Mello-Roos Financing of Public Improvements

A comprehensive list of additional public improvements needed to serve CFD No. 1 is included as Appendix A to this report. The list, provided by Diamond Creek Partners, also presents cost estimates for each item. CFD No. 1 proposes to fund key improvements including grading and paving, storm drainage, sanitary sewer and water system. Other improvements include miscellaneous items, soft costs and required fees. The funding available from CFD No. 1 is anticipated be sufficient to fund all of the additional public improvements needed to serve CFD No. 1. However, if the original cost estimates prove to be too low, CFD No. 1 will be unable to fund all of the improvements that were originally anticipated. The developer of CFD No. 1 will be required to remedy any shortfall in construction proceeds that may occur once the bond proceeds from CFD No. 1 have been applied to the cost of authorized improvements.

E. Purpose of CFD Report

This CFD Report is submitted pursuant to Section 53321.5 of the Act, as well as the direction set forth in the first resolution adopted by the City Council in the process of forming CFD No. 1. The law requires only a brief description of the public facilities to be funded by CFD No. 1, as well as an estimate of the cost of providing the facilities. However, this report will also provide information regarding the special taxes to be levied and collected in CFD No. 1 and the boundaries of CFD No. 1.

II. CFD No. 1

A. CFD No. 1 Formation

On February 21, 2007, the City Council adopted Resolution No. 07-99, a Resolution of Intention of the City Council of Roseville to Form a Community Facilities District and Levy a Special Tax in Diamond Creek Community Facilities District No. 1 (Public Facilities) to Finance the Acquisition and Construction of Certain Public Facilities and to Fund Certain Services in and for such Community Facilities District. A map identifying the boundaries of CFD No. 1 was recorded on Page 60 of Book 3 of Maps of Assessment and Community Facilities Districts in the Placer County Recorder's Office. A copy of the recorded CFD boundary map is included as Appendix B of this report.

On April 4, 2007, the City Council will hold a public hearing and allow the qualified electors to vote on the matter. If at least two-thirds of the votes submitted by the landowner(s) are in favor of establishing CFD No. 1, the CFD will be formed and the levy of a special tax will be authorized. CFD No. 1 will be granted the authority to issue up to \$7,850,000 in bonds to fund public facilities costs and incidental expenses identified in Appendix A of this report.

B. CFD No. 1 Bond Issue

The public facilities identified in Appendix A of this report are expected be funded by the issuance of one series of bonds. The Bonds are anticipated to have a 30-year term and annual debt service that escalates two percent per year. The bonds are land-secured, which means the ultimate security for repayment of the bonds is the land within CFD No. 1. As such, the City will covenant in the bond indenture that, in the event of special tax delinquencies within CFD No. 1, the City will institute an accelerated foreclosure process against the delinquent parcel or parcels.

C. Special Tax Structure

The Rate and Method of Apportionment of Special Tax ("RMA") for CFD No. 1, which describes in detail how the Mello-Roos special taxes will be allocated among properties in the District, is included as Appendix C of this report. Capitalized terms used in this section are defined in the RMA. Pursuant to the RMA, Facilities Special Taxes will be levied and collected each year from parcels within CFD No. 1 to pay debt service on outstanding Bonds and Administrative Expenses of CFD No. 1. The Maximum Services Special Tax will be levied and collected each fiscal year to fund authorized services.

Three separate Tax Zones have been established within CFD No. 1 for purposes of allocating the Facilities Special Tax obligation; the Tax Zones are identified in Attachment 1 of the RMA. Tax Zone #1 is expected to include 131 single family detached residential units, Tax Zone #2 is expected to include 8 medium-density residential townhomes and Tax Zone #3 is expected to include 75,000 square feet of commercial uses and a yet to be determined number of condominium Units. Based on

these anticipated land uses, a Maximum Facilities Special Tax obligation was assigned to each Tax Zone and the RMA provides that, regardless of changes in land uses within each Tax Zone, the Required Revenues that will be generated within each Tax Zone will never be reduced. The RMA also establishes a limit to which the Maximum Facilities Special Tax per EDU can increase in Tax Zone #3 so that the estimated annual burden will never exceed 2% of the unit's projected assessed value.

With certain exceptions that may result from steps outlined in the RMA, Maximum Facilities Special Tax rates are expected to be \$1,425 per Unit in Tax Zone #1 and \$1,100 per Unit in Tax Zone #2. Maximum Facilities Special Tax rates in Tax Zone #3 will vary depending on the actual land uses that are developed; however, the RMA was devised such that the Required Revenues for Tax Zone #3 will be maintained regardless of how many actual residential units are constructed. In addition to the Maximum Facilities Special Tax, a Maximum Services Special Tax of \$18 per Unit (including Affordable Units) or Buildable Lot will apply within CFD No. 1. All of these rates will escalate each fiscal year by two percent (2%) of the amount in effect in the prior fiscal year.

The Facilities Special Tax will be levied on Taxable Property within CFD No. 1 to pay debt service on the Bonds issued to fund public improvements. The following Maximum Facilities Special Tax rates shall apply to all parcels of Taxable Property within CFD No. 1:

TABLE 1			
EXPECTED LAND USES AND REQUIRED REVENUES			
FISCAL YEAR 2007-08*			
Tax Zone	Expected Land Use	Base Maximum Tax Fiscal Year 2007-08*	Required Revenues Fiscal Year 2007-08*
Tax Zone #1	131 Units	\$1,425 per Unit	\$186,675
Tax Zone #2	8 Units	\$1,100 per Unit	\$8,800
Tax Zone #3	75,000 Commercial square feet	\$0.36 per square foot of Commercial Floor Area	\$27,000
	Units	Per Unit amount to be determined per Section C.3.a of the RMA	\$219,525
CFD Maximum Facilities Special Tax Revenue			\$442,000
<p><i>* These amounts apply only to the Facilities Special Tax; the Services Special Tax is identified in Section D of the RMA and is not part of the Required Revenues. Beginning in Fiscal Year 2008-09, and each Fiscal Year thereafter, the Base Maximum Special Tax and Required Revenues for each Tax Zone shall be adjusted by the Annual Special Tax Escalation Factor.</i></p>			

As explained in Section F of the RMA, the Facilities Special Tax will be levied each fiscal year in an amount determined to be needed to pay debt service on the bonds, CFD No. 1 administrative expenses, replenishment of the bond reserve fund, other current expenses of CFD No. 1 and construction expenses (collectively, “the Facilities Special Tax Requirement”). Once the Facilities Special Tax Requirement has been determined for a particular fiscal year, the Facilities Special Tax will be levied according to the following order of priority:

1. First, the Facilities Special Tax will be levied on each parcel of Developed Property up to the Maximum Facilities Special Tax for each parcel for that particular fiscal year. Developed Property is defined in the RMA as: (i) all parcels of Single Family Detached Property for which a Final Map was recorded prior to May 1 of the preceding fiscal year, (ii) all parcels of Single Family Attached Property and Multi-Family Property for which a use permit or building permit for new construction of a residential structure was issued prior to May 1 of the preceding fiscal year, and (iii) all parcels of Non-Residential Property for which a building permit for new construction of a building was issued prior to May 1 of the preceding fiscal year.
2. If additional revenue is needed after applying revenues from step 1 above in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax will be levied on each parcel of Undeveloped Property up to the Maximum Facilities Special Tax for each parcel for that particular fiscal year. Undeveloped Property is defined in the RMA as all parcels as Taxable Property within CFD No. 1 that are not yet Developed Property.
3. If additional revenue is needed after applying revenues from steps 1 and 2 above, a Facilities Special Tax will be levied on each parcel of Taxable Public Property up to the Maximum Facilities Special Tax for each parcel for that particular fiscal year. Taxable Public Property is defined as all parcels of Public Property that were expected to be Taxable Property, and based on this expectation, Maximum Facilities Special Taxes were assigned to it in prior fiscal years.

In addition, the Maximum Services Special Tax will be levied on all parcels of Developed Property within CFD No. 1 that are Single Family Detached Property, Single Family Attached Property, or Multi-Family Property.

The Maximum Facilities Special Tax assigned to a particular parcel within CFD No. 1 can be prepaid, which will release the parcel making the prepayment from the Facilities Special Tax lien. Section I of the RMA sets forth a detailed formula by which a full or partial prepayment of the Facilities Special Tax for a parcel can be calculated. The Maximum Services Special Tax assigned to a parcel cannot be prepaid.

III. FACILITIES TO BE FUNDED BY CFD No. 1

The facilities and their estimated costs are described in Appendix A of this report and are authorized to be financed by CFD No. 1. The estimates include the overall costs of design, engineering, construction management and contingencies.

A. Authorized Facilities

Appendix A provides a list of facilities that are eligible to be funded by CFD No. 1. The total estimated cost of these facilities is \$5,622,000. As presented, authorized facilities fall within the following categories:

- Grading and Paving
- Storm Drainage Improvements
- Sanitary Sewer Improvements
- Water System Improvements
- Miscellaneous Improvements (e.g., street lights, joint trenches, sound walls and landscaping)
- Other Miscellaneous Expenses (e.g. contingencies, soft costs and required fees)

B. Incidental Expenses

In addition to the facility costs listed above, bond proceeds will be used to pay incidental expenses related to the sale of bonds. Incidental expenses include funding a Debt Service Reserve Fund and a Capitalized Interest Fund to pay initial debt service on the Bonds, as well as costs associated with the issuance of the Bonds.

Appendix A

Description of Authorized Facilities and Estimated Costs

Diamond Creek Partners

PRELIMINARY ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST

Diamond Creek Village - Phase A (Public Improvements incl. Wet & Dry Utilities)

12/6/06

Item No.	Description	Units	Estimated Quantity	Estimated Unit Price	Estimated Cost
Grading & Paving					
1	Clear & Grub	AC	19	\$ 1,000.00	\$ 19,000.00
2	Earthwork (mass grading)	CY	22,700	\$ 3.60	\$ 81,720.00
3	Earthwork (finish pads)	EA	131	\$ 400.00	\$ 52,400.00
4	Retaining Wall	SF	1,330	\$ 25.00	\$ 33,250.00
5	Enhanced Concrete	SF	13,350	\$ 15.00	\$ 200,250.00
6	4"AC/14"AB	SF	51,500	\$ 5.70	\$ 293,550.00
7	Curb & Gutter (Type 2)	LF	4,200	\$ 18.00	\$ 75,600.00
8	Sidewalk Ramp	EA	14	\$ 3,000.00	\$ 42,000.00
9	Sidewalk (including ramps)	SF	26,200	\$ 12.00	\$ 314,400.00
10	Sidewalk Frontage (Blue Oaks & Diamond C	SF	10,800	\$ 14.00	\$ 151,200.00
Subtotal:					\$ 1,263,370.00
Storm Drain					
11	12" Storm Drain Pipe	LF	1,130	\$ 60.00	\$ 67,800.00
12	15" Storm Drain Pipe	LF	420	\$ 60.00	\$ 25,200.00
13	18" Storm Drain Pipe	LF	770	\$ 62.00	\$ 47,740.00
14	24" Storm Drain Pipe	LF	880	\$ 75.00	\$ 66,000.00
15	30" Storm Drain Pipe	LF	200	\$ 90.00	\$ 18,000.00
16	48" Manhole	EA	24	\$ 3,500.00	\$ 84,000.00
17	Drain Inlet - Type "B"	EA	54	\$ 2,300.00	\$ 124,200.00
18	Sand/Oil Separator	EA	3	\$ 10,000.00	\$ 30,000.00
19	Connect to Existing System	EA	3	\$ 2,000.00	\$ 6,000.00
Subtotal:					\$ 468,940.00
Sanitary Sewer					
20	6" Sewer Pipe (alleys)	LF	3,740	\$ 49.00	\$ 183,260.00
21	8" Sewer Pipe	LF	675	\$ 50.00	\$ 33,750.00
22	10" Sewer Pipe	LF	310	\$ 55.00	\$ 17,050.00
23	48" Manhole	EA	34	\$ 4,000.00	\$ 136,000.00
24	4" Lateral Service (alleys)	EA	141	\$ 1,200.00	\$ 169,200.00
25	Connect to Existing System	EA	2	\$ 2,000.00	\$ 4,000.00
Subtotal:					\$ 360,000.00
Water System					
26	6" Water Main (including fittings) - alleys	LF	3,750	\$ 50.00	\$ 187,500.00
27	8" Water Main (including fittings) - streets	LF	1,250	\$ 50.00	\$ 62,500.00
28	12" Water Main (including fittings)	LF	1,650	\$ 50.00	\$ 82,500.00
29	Fire Hydrant Installation (w/Gate Valve)	EA	14	\$ 3,500.00	\$ 49,000.00
30	8" Gate Valve	EA	40	\$ 2,000.00	\$ 80,000.00
31	12" Butterfly Valve	EA	10	\$ 3,000.00	\$ 30,000.00
32	1" Air Vacuum Release Valve	EA	2	\$ 2,600.00	\$ 5,200.00
33	3/4" Service (alleys)	EA	141	\$ 1,350.00	\$ 190,350.00
34	Connect to Existing System	EA	3	\$ 3,500.00	\$ 10,500.00
Subtotal:					\$ 697,550.00
Misc.					
35	Street Lights	EA	20	\$ 4,000.00	\$ 80,000.00
36	Signing and Striping	LS	1	\$ 5,000.00	\$ 5,000.00
37	Monument Well	EA	7	\$ 500.00	\$ 3,500.00
38	Joint Trench (along public streets)	LF	2,100	\$ 40.00	\$ 84,000.00
39	Joint Trench (alleys)	LF	3,750	\$ 40.00	\$ 150,000.00
40	Sound Wall	LF	750	\$ 100.00	\$ 75,000.00
41	Landscaping (Everything except paseos & alleys)	SF	136,000	\$ 4.50	\$ 612,000.00
42	Erosion Control	AC	12	\$ 10,000.00	\$ 120,000.00
Subtotal:					\$ 1,129,500.00
TOTAL					\$ 3,919,360.00
15% Contingency					\$ 587,904.00
CONSTRUCTION TOTAL					\$ 4,508,000.00

Diamond Creek Partners
PRELIMINARY ESTIMATE OF DEVELOPMENT COSTS
Diamond Creek Village Phase A (Public Improvements)

12/6/06

TOTAL CONSTRUCTION COST (PUBLIC)	\$4,508,000
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Soft Costs	% of Overall	Total Costs
Design Engineering	4.0%	\$181,000
Design Surveys & Boundary	0.5%	\$23,000
Final Map & Monuments	0.6%	\$28,000
Construction Staking	2.0%	\$91,000
Soils Report & Soils observation & testing	2.0%	\$91,000
Construction Administration	4.0%	\$181,000
Construction Observation	0.3%	\$15,000
Landscape Plans	-	\$25,000
SWPPP Preparation, Monitoring & Maintenance	-	\$25,000
Reproduction Services (Estimate)	\$5,000.00	\$5,000
	Subtotal:	\$665,000

Required Fees	Amount	Total Costs
Plan Check (Public Works & Environmental Utilities)	5%	\$226,000
J.T. (PG&E Gas, Roseville Electric & Telephone, etc.)	-	\$200,000
Misc. (Encroachment, Final Map, Irrigation, etc.)	0.50%	\$23,000
	Subtotal:	\$449,000.00

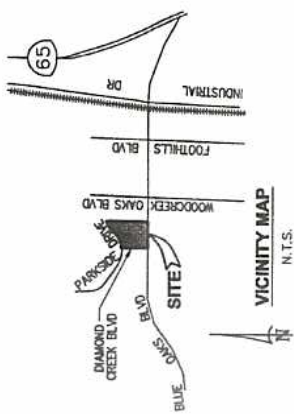
Sub -Total Soft Cost And Fees	\$1,114,000.00
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Grand Total	\$5,622,000
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Appendix B

CFD Boundary Map

BOUNDARY MAP - DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1
 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA
 BEING A PORTION OF SECTION 17, T.11N., R.06E., M.D.M.
 CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA
 JANUARY 11, 2007
 SCALE 1"=100'



SHEET 1 OF 1 SHEET

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES), CITY OF ROSEVILLE, COUNTY OF PLACER, STATE OF CALIFORNIA WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE 21 DAY OF February, 2007, BY ITS RESOLUTION NUMBER 07-197.

Sonia Orozco
 SONIA OROZCO, CITY CLERK
 CITY OF ROSEVILLE
 PLACER COUNTY, CALIFORNIA

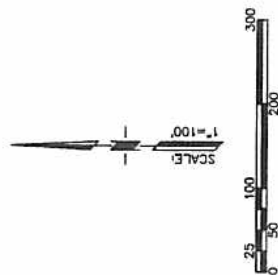
FILED THIS 1st DAY OF March, 2007,
 AT THE HOUR OF 3 O'CLOCK P.M. & 38 min.

IN BOOK 3 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS
 AT PAGE 60, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF
 PLACER, STATE OF CALIFORNIA.

DOCUMENT NO: 2007-21497
 FEE: \$ 0.00
Jim McCawley
 JIM MCCAWLEY
 COUNTY RECORDER
 COUNTY OF PLACER
 By: *Debra J. Deary*, Deputy

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ROSEVILLE, PLACER
 COUNTY, CALIFORNIA, ON THIS 20 DAY OF February, 2007.

Sonia Orozco
 SONIA OROZCO, CITY CLERK
 CITY OF ROSEVILLE
 PLACER COUNTY, CALIFORNIA



R=476.00
 Δ=303°32'28"
 L=2493.72
 N61°12'33"E
 246.86

R=524.00
 Δ=42°32'39"
 L=392.12
 N67°37'05"E
 383.03

R=31.00
 Δ=89°44'39"
 L=46.56
 N44°11'02"E
 43.74

LEGEND

--- DISTRICT BOUNDARY

PARCEL 7
 'U' MAPS 86

PARCEL 8
 'U' MAPS 86

S00°14'00"W 1293.89

N00°41'18"W 798.01
 DIAMOND CREEK BLVD

S89°18'42"W 804.51
 BLUE OAKS BLVD

Appendix C

Rate and Method of Apportionment of Special Tax

EXHIBIT A

CITY OF ROSEVILLE DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes applicable to each Assessor's Parcel in Diamond Creek Community Facilities District No. 1 (Public Facilities) [herein "CFD No. 1" or "the CFD"] shall be levied and collected according to the tax liability determined by the City Council of the City of Roseville, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 1, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other Development Plan.

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

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out its duties with respect to CFD No. 1 and the Bonds, including, but not limited to, levying and collecting the Special Taxes, the fees and expenses of legal counsel, charges levied by the County, costs related to annexing property into the CFD, costs related to property owner inquiries regarding the Special Taxes, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

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

"Affordable Housing Director" means, at any point in time, the person within the City who serves as head of the department that is in charge of the City's affordable housing program.

“Affordable Unit” means a Unit built within Tax Zone #3 for which an Affordable Purchase Development Agreement has been recorded on title of the property designating the Unit as affordable and resulting in a deed of trust on the Parcel in favor of the City. The City’s Affordable Housing Director shall determine which Units are designated as Affordable Units and maintain an Affordable Unit Listing which shall identify all such Units. The Affordable Unit Listing shall also be updated to reflect those Units no longer qualifying as Affordable Units. The Affordable Unit Listing, which shall contain all qualifying Affordable Units as of April 30, shall be made available to the Administrator by July 1 of each year for purposes of determining the Maximum Special Tax for Parcels pursuant to Sections C and E below.

“Annual Tax Escalation Factor” means, in each Fiscal Year following the Base Year, an increase in the Maximum Special Tax in an amount equal to two percent (2%) of the Maximum Special Tax in effect in the prior Fiscal Year.

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

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

“Authorized Facilities” means those facilities that are authorized to be funded by CFD No. 1.

“Authorized Services” means those services that are authorized to be funded by CFD No. 1.

“Base Year” means Fiscal Year 2007-08.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 1 related to public infrastructure and/or improvements that are authorized to be funded by CFD No. 1.

“Bond Indenture” means the indenture or other financing document pursuant to which the Bonds are issued.

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

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

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 1 was adopted by the City Council.

“CFD Maximum Facilities Special Tax Revenue” means the aggregate Maximum Facilities Special Tax revenue that can be collected from all property within CFD No. 1. The CFD Maximum Facilities Special Tax Revenue at the time of CFD Formation is shown in Attachment 2 of this RMA and may be reduced due to prepayments in future Fiscal Years.

“City” means the City of Roseville.

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

“Commercial Floor Area” means the square footage of commercial area within a building, including, but not limited to, area used for retail, restaurant, office, and service operations. The Commercial Floor Area shall be determined by the Administrator by reference to the site permit, condominium plan, or building plan for the building, or the original construction building permits issued for individual Parcels within the building.

“County” means the County of Placer.

“Developed Property” means, in any Fiscal Year, the following:

- for Single Family Detached Property, all Parcels for which a Final Map was recorded prior to May 1 of the preceding Fiscal Year
- for Single Family Attached Property, all Parcels for which a use permit or building permit for new construction of a residential structure was issued prior to May 1 of the preceding Fiscal Year.
- for Multi-Family Property, all Parcels for which a use permit or building permit for new construction of a residential structure was issued prior to May 1 of the preceding Fiscal Year.
- for Non-Residential Property, all Parcels for which a building permit for new construction of a building was issued prior to May 1 of the preceding Fiscal Year.

“Development Plan” means a condominium plan, apartment plan, site plan or other development plan that identifies such information as the type of structure, acreage, square footage, and/or number of Units that are approved to be developed on Taxable Property within the CFD. This information may be obtained from the City’s Development Activity Updates, which are published periodically by the City’s Planning Department.

“Expected Commercial Revenue” means the Required Revenue within Tax Zone #3 that is expected to be generated by the Initial Commercial Tax on Commercial Floor Area built within that Tax Zone, as shown in Attachment 2.

“Expected Residential Revenue” means the total Required Revenue for Tax Zone #3 less the Expected Commercial Revenue.

“Expected Units” means the total number of Units expected to be built within Tax Zone #1 and Tax Zone #2 at the time of CFD Formation, as identified in Attachment 2 of this RMA.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds, (ii) to create or replenish reserve funds, (iii) to pay Administrative Expenses, (iv) to cure any delinquencies in the payment of principal or interest on indebtedness of CFD No. 1 which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of the Facilities Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, and (v) to pay construction expenses to be funded directly from Facilities Special Tax proceeds. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to a Bond indenture, Bond resolution, or other legal document that sets forth these terms; (ii) proceeds received by CFD No. 1 from the collection of penalties associated with delinquent Facilities Special Taxes; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

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

“Finance Director” means the Finance Director for the City of Roseville or his or her designee.

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

“Flat” means any Unit within Tax Zone #3 that is not a Penthouse Condominium or Two-Story Condominium, as defined herein.

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

“Initial Commercial Tax” means, in Fiscal Year 2007-08, \$0.36 per square foot of Commercial Floor Area within Tax Zone #3, which amount shall be adjusted beginning in Fiscal Year 2008-09 and each Fiscal Year thereafter, by the Annual Special Tax Escalation Factor.

“Land Use Class” means, individually, Developed Property and Undeveloped Property.

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

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

“Maximum Special Tax” means, collectively, the Maximum Facilities Special Tax and Maximum Services Special Tax.

“Multi-Family Property” means, in any Fiscal Year, all Parcels in CFD No. 1 for which a building permit was issued or may be issued for construction of a residential structure with multiple units that share common walls, all of which are offered for rent to the general public.

“Penthouse Condominium” means any Unit on the top floor of the residential structure built in Tax Zone #3 that is greater than or equal to 1,000 square feet of living space.

“Public Property” means any property within the boundaries of CFD No. 1 that is owned by the federal government, State of California, County, City, or other public agency.

“Required Revenue” means the Maximum Facilities Special Tax revenue that, at the time of CFD Formation, was expected to be generated from Taxable Property within each Tax Zone, as identified in Attachment 2 of this RMA. Such amount may be reduced due to prepayments in future Fiscal Years. Required Revenue shall also mean the Maximum Facilities Special Tax assigned to a remainder Parcel within a Final Map pursuant to Sections C.1b and C.2b below.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Services Special Tax” means a Special Tax levied in any Fiscal Year to pay for Authorized Services.

“Single Family Attached Property” means, in any Fiscal Year, all Buildable Lots in CFD No. 1 for which a building permit was issued or may be issued for construction of a residential structure consisting of two or more Units that share common walls and are offered as for-sale Units, including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels in CFD No. 1 for which a building permit was issued or may be issued for construction of a Unit that does not share a common wall with another Unit.

“Special Tax” means, collectively, the Facilities Special Tax and the Services Special Tax.

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

“Taxable Public Property” means, in any Fiscal Year, all Parcels of Public Property within CFD No. 1 that, based on a tentative map or other Development Plan, were expected to be Taxable Property and, based on this expectation, Maximum Special Taxes were assigned to the Parcels in prior Fiscal Years.

“Tax Zone” means one of the three mutually exclusive geographic areas identified in Attachment 1 of this RMA.

“Two-Story Condominium” means any Unit within the residential structure built in Tax Zone #3 that has two floors of living space and has a dedicated garage for the exclusive use of the owner of the Unit.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property within CFD No. 1 that are not yet Developed Property.

“Unit” means (i) for Single Family Detached Property, an individual single-family detached unit, (ii) for Single Family Attached Property, an individual residential unit within a duplex, triplex, fourplex, townhome, or condominium structure and (iii) for Multi-Family Property, an individual apartment unit.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Parcels of Taxable Property within CFD No. 1. The Administrator shall also determine: (i) whether each Assessor’s Parcel of Taxable Property is Developed Property or Undeveloped Property, (ii) for Parcels of Single Family Attached Property, the number of Units on each Parcel, (iii) the number of Affordable Units, Flats, Penthouse Condominiums, and Two-Story Condominiums within Tax Zone #3, (iv) the Commercial Floor Area on each Parcel, and (v) the Facilities Special Tax Requirement. For Single Family Attached Property, the number of Units shall be determined by referencing the Development Plan for the property.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in CFD No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) one or more of the newly-created parcels is in a different Land Use Class than other

parcels created by the subdivision, the Administrator shall calculate the Special Tax separately for Developed Property and Undeveloped Property within the subdivided area, then levy the sum of these two amounts on the master Parcel that was subdivided by recordation of the parcel map.

Upon recordation of the condominium plan for property in Tax Zone #3, the Affordable Housing Director is to determine the Assessor's Parcels on which Affordable Units will be built. After May 1 of each Fiscal Year, the Administrator shall obtain the Affordable Unit Listing from the Affordable Housing Director to identify such Parcels.

C. CALCULATING THE MAXIMUM FACILITIES SPECIAL TAX

The Administrator shall apply the applicable subsection below to determine the Maximum Facilities Special Tax for each Parcel within each Tax Zone in CFD No. 1:

1. Tax Zone #1

Prior to recordation of a Final Map for property within Tax Zone #1, the Maximum Facilities Special Tax for Parcels within Tax Zone #1 shall be determined as follows:

Step 1. By reference to Attachment 2, identify the Required Revenue for Tax Zone #1.

Step 2. Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #1 to calculate a Maximum Facilities Special Tax per Acre.

Step 3. Multiply the Maximum Facilities Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #1 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Final Map in Tax Zone #1, the Administrator shall apply the appropriate subsection below:

1a. Final Map Includes All Property in Tax Zone #1

Upon recordation of the Final Map, the Administrator shall divide the Required Revenue for Tax Zone #1 by the number of Buildable Lots created within the Final Map to determine the Maximum Facilities Special Tax for each Buildable Lot.

1b. Final Map Includes Only a Portion of the Property in Tax Zone #1

Upon recordation of the Final Map, the Administrator shall review the map provided in Attachment 1 to determine if the number of Buildable Lots within the Final Map area is equal to the Expected Units for that area. If the number of Buildable Lots is greater than or

equal to the Expected Units, the Maximum Facilities Special Tax for each Buildable Lot shall be the Base Maximum Tax for Tax Zone #1 that is shown in Attachment 2.

If fewer Buildable Lots have been created, the Administrator must review current Development Plans for Tax Zone #1 to determine whether the total number of Units expected to be constructed within Tax Zone #1 has been reduced. If lots have shifted but the Expected Units will still be achieved, the Maximum Facilities Special Tax for each Buildable Lot within the Final Map will be the Base Maximum Tax for Tax Zone #1. If the total number of Units in Tax Zone #1 is expected to be less, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Buildable Lot:

Step 1b.1: Divide the Required Revenue for Tax Zone #1 by the number of Buildable Lots that are now expected within Tax Zone #1 to determine the Maximum Facilities Special Tax for each Buildable Lot within the Final Map.

Step 1b.2: For the remaining Parcels of Taxable Property within Tax Zone #1 which are not yet Buildable Lots, multiply the amount calculated in Step 1b.1 by the number of Buildable Lots anticipated on each Parcel based on current Development Plans to calculate the Maximum Facilities Special Tax for each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel of Taxable Property pursuant to Step 1b.2, such amount shall become the Required Revenue for the Parcel for purposes of allocating the Maximum Facilities Special Tax when a subsequent Final Map is recorded.

2. *Tax Zone #2*

Prior to recordation of a Final Map for property within Tax Zone #2, the Maximum Facilities Special Tax for Parcels within Tax Zone #2 shall be determined as follows:

Step 1. By reference to Attachment 2, identify the Required Revenue for Tax Zone #2.

Step 2. Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #2 to calculate a Maximum Facilities Special Tax per Acre.

Step 3. Multiply the Maximum Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #2 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Final Map in Tax Zone #2, the Administrator shall apply the appropriate subsection below:

1a. Final Map Includes All Property in Tax Zone #2

Upon recordation of the Final Map, the Administrator shall divide the Required Revenue for Tax Zone #2 by the number of Buildable Lots created within the Final Map to determine the Maximum Facilities Special Tax for each Buildable Lot.

1b. Final Map Includes Only a Portion of the Property in Tax Zone #2

Upon recordation of the Final Map, the Administrator shall review the map provided in Attachment 1 to determine if the number of Buildable Lots within the Final Map area is equal to the Expected Units for that area. If the number of Buildable Lots is greater than or equal to the Expected Units, the Maximum Facilities Special Tax for each Buildable Lot shall be the Base Maximum Tax for Tax Zone #2 that is shown in Attachment 2.

If fewer Buildable Lots have been created, the Administrator must review current Development Plans for Tax Zone #2 to determine whether the total number of Units expected to be constructed within Tax Zone #2 has been reduced. If lots have shifted but the Expected Units will still be achieved, the Maximum Facilities Special Tax for each Buildable Lot within the Final Map will be the Base Maximum Tax for Tax Zone #2. If the total number of Units in Tax Zone #2 is expected to be less, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Buildable Lot:

Step 1b.1: Divide the Required Revenue for Tax Zone #2 by the number of Buildable Lots that are now expected within Tax Zone #2 to determine the Maximum Facilities Special Tax for each Buildable Lot within the Final Map.

Step 1b.2: For the remaining Parcels of Taxable Property within Tax Zone #2 which are not yet Buildable Lots, multiply the amount calculated in Step 1b.1 by the number of Buildable Lots anticipated on each Parcel based on current Development Plans to calculate the Maximum Facilities Special Tax for each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel of Taxable Property pursuant to Step 1b.2, such amount shall become the Required Revenue for the Parcel for purposes of allocating the Maximum Facilities Special Tax when a Final Map is recorded.

3. *Tax Zone #3*

a. Residential Land Uses

Prior to recordation of a condominium plan or other Development Plan that identifies the number, type and size of Units to be constructed within Tax Zone #3, the Maximum Facilities Special Tax for Parcels within Tax Zone #3 shall be determined as follows:

- Step 1.** By reference to Attachment 2, identify the Required Revenue for Tax Zone #3.
- Step 2.** Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #3 to calculate a Maximum Facilities Special Tax per Acre.
- Step 3.** Multiply the Maximum Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #3 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Development Plan in Tax Zone #3 that identifies the number, type and size of Units to be built within the Tax Zone, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Parcel within Tax Zone #3:

- Step 1.** By reference to Attachment 2, identify the Required Revenue for Tax Zone #3 and , *if the recorded Development Plan includes Commercial Floor Area*, subtract the Expected Commercial Revenue shown in Attachment 2 from the Required Revenue for Tax Zone #3 to calculate the Expected Residential Revenue.
- Step 2.** Based on information provided in the condominium plan or other Development Plan for Tax Zone #3, determine the number of Units within each Product Type shown in Table 1 below.

**TABLE 1
PRODUCT TYPE AND EQUIVALENT DWELLING UNIT FACTORS**

<i>Product Type</i>	<i>Equivalent Dwelling Unit Factor</i>
Flats	1.00 per Unit
Two-Story Condominium Units	1.50 per Unit
Penthouse Units	1.75 per Unit
Affordable Unit	0.50 per Unit

- Step 3.** Multiply the number of Units expected within each Product Type by the assigned Equivalent Dwelling Unit (EDU) Factor for each Product Type to calculate the total EDUs created within the condominium plan.
- Step 4.** Divide the amount calculated in Step 1 by the number of EDUs calculated in Step 3 to determine the Maximum Facilities Special Tax per EDU.
- Step 5.** If (i) the Maximum Facilities Special Tax per EDU determined in Step 4 is less than or equal to \$750 in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter) **or** if the Maximum Facilities Special Tax is greater than \$750 in Fiscal

Year 2007-08 dollars (to be escalated 2% per year thereafter) but there is no Commercial Floor Area within the building, proceed to Step 6.

If the Maximum Facilities Special Tax per EDU calculated in Step 4 is greater than \$750 in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter) **and** if there is Commercial Floor Area within the building, the Administrator shall apply the following steps:

- Step 5a.* Calculate the Special Tax revenue that can be generated from all Units within the building assuming a Maximum Facilities Special Tax of \$750 per EDU in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter);
 - Step 5b.* Subtract the amount calculated in Step 5a from the amount calculated in Step 1;
 - Step 5c.* Divide the amount determined in Step 5b by the square footage of Commercial Floor Area within the building, which amount shall be included as part of the Maximum Facilities Special Tax per square foot of Commercial Floor Area as discussed further in Section C.3.b. below;
 - Step 5d.* For purposes of Step 6 below, use a Maximum Special Tax per EDU of \$750 in Fiscal Year 2007-08 dollars, escalated 2% per year thereafter.
- Step 6.** Multiply the Maximum Facilities Special Tax per EDU from Step 5 by the EDU factor for each Product Type to determine the Maximum Facilities Special Tax per Unit within each Product Type.
- Step 7.** Determine the Product Type being constructed on each Parcel within Tax Zone #3 on which Units will be built and assign the appropriate Maximum Facilities Special Tax determined in Step 6 to each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel, the Maximum Facilities Special Tax shall never be reduced regardless of changes in Product Type on the Parcel in future Fiscal Years.

b. Commercial Floor Area

The Maximum Facilities Special Tax for Commercial Floor Area within Tax Zone #3 shall be the sum of (i) the amount determined by dividing the Expected Commercial Revenue shown in Attachment 2 by the Commercial Floor Area created or to be created within Tax Area #3 pursuant to

the appropriate Development Plan, and (ii) the amount determined in Step 5c above, if applicable. If no Commercial Floor Area is reflected in the Development Plan, the Required Revenue for Tax Zone #3 shall all be Expected Residential Revenue for purposes of applying Section C.3.a. above.

D. MAXIMUM SERVICES SPECIAL TAX

The Maximum Services Special Tax for all Parcels of Developed Property in Fiscal Year 2007-08 is \$18 per Unit (including Affordable Units) or Buildable Lot. The Services Special Tax shall only be levied on Single Family Detached Property, Single Family Attached Property, and Multi-Family Property within the CFD.

E. CHANGES TO THE MAXIMUM SPECIAL TAX

1. Annual Escalation of Special Taxes

Beginning in Fiscal Year 2008-09, and each Fiscal Year thereafter, the Maximum Facilities Special Tax and the Maximum Services Special Tax for each Parcel in CFD No. 1, and the Required Revenue for each Tax Zone, shall be adjusted by the Annual Special Tax Escalation Factor.

2. Affordable Units that Become Market-Rate Units

If, in any Fiscal Year, the Affordable Housing Director determines that a Unit in Tax Zone #3 that had previously been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit Listing by denoting the change in status of the Unit, together with the effective date thereof. The Maximum Facilities Special Tax on the Unit that no longer qualifies as an Affordable Unit shall be increased to double the amount that would have applied in that Fiscal Year if the Unit had remained as an Affordable Unit. In subsequent Fiscal Years, this increased Maximum Facilities Special Tax shall continue to escalate two percent (2%) per year.

3. Conversion of a Parcel of Public Property to Private Use

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on the average Maximum Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.

F. METHOD OF LEVY OF THE SPECIAL TAX

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement for that Fiscal Year and levy the Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: The Facilities Special Tax shall be levied proportionately on each Parcel of Developed Property within the CFD up to 100% of the Maximum Facilities Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Facilities Special Tax Requirement prior to applying Capitalized Interest that is available under the applicable Indenture;

Step 2: If additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied proportionately on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Facilities Special Tax for each Parcel for such Fiscal Year;

Step 3: If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Public Property, up to 100% of the Maximum Facilities Special Tax assigned to each Parcel.

2. Services Special Tax

Each Fiscal Year, the Maximum Services Special Tax shall be levied on all Parcels of Developed Property within the CFD that are Single Family Detached Property, Single Family Attached Property, or Multi-Family Property.

G. COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments of the Facilities Special Tax are permitted as set forth in Section I below and provided further that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of constructing or acquiring authorized facilities from Facilities Special Tax

proceeds have been paid, and all Administrative Expenses have been reimbursed. However, in no event shall a Facilities Special Tax or a Services Special Tax be levied after Fiscal Year 2040-41. Under no circumstances may the Facilities Special Tax on one Parcel in the CFD be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels in the CFD.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on Public Property, except Taxable Public Property, as defined herein. In addition, no Special Tax shall be levied on Parcels that are not Public Property but are (i) designated as permanent open space or common space on which no structure is permitted to be built, (ii) owned by a public utility for use as an unmanned facility, or (iii) subject to an easement that precludes any other use on the Parcel. Notwithstanding the foregoing, if a Maximum Facilities Special Tax was assigned to a Parcel, and the entire Parcel ends up subject to one of the exemptions set forth above, the Parcel shall remain subject to the Facilities Special Tax until a prepayment is received that releases such Parcel from the Facilities Special Tax obligation.

I. PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section I:

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

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

“Public Facilities Requirements” means either \$5,625,000 in 2007 dollars, which shall increase on January 1, 2008, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such other number as shall be determined by the City to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of CFD No. 1.

“Remaining Facilities Costs” means the Public Facilities Requirements (as defined above), minus public facility costs funded by Previously Issued Bonds (as defined above), developer equity, and/or any other source of funding.

1. *Full Prepayment*

The Facilities Special Tax obligation applicable to an Assessor’s Parcel in the CFD may be prepaid and the obligation of the Assessor’s Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if (i) the Parcel is part of a recorded Development Plan that allows the Administrator to identify the final land uses on the Parcel for purposes of applying this RMA, and (ii) there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. The Services Special Tax obligation may not be prepaid. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

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

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

- Step 1.** Determine the Maximum Facilities Special Tax that could be collected from the Assessor’s Parcel prepaying the Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City.
- Step 2.** Divide the Maximum Facilities Special Tax from Step 1 by the CFD Maximum Facilities Special Tax Revenues for the Fiscal Year in which prepayment would be received by the City.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).

- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the “Remaining Facilities Amount”*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the “Redemption Premium”*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.
- Step 8:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the *“Defeasance Requirement”*).
- Step 10.** Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the *“Administrative Fees and Expenses”*).
- Step 11.** If and to the extent so provided in the indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the *“Reserve Fund Credit”*).
- Step 12.** The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the *“Prepayment Amount”*).

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of administrative fees and

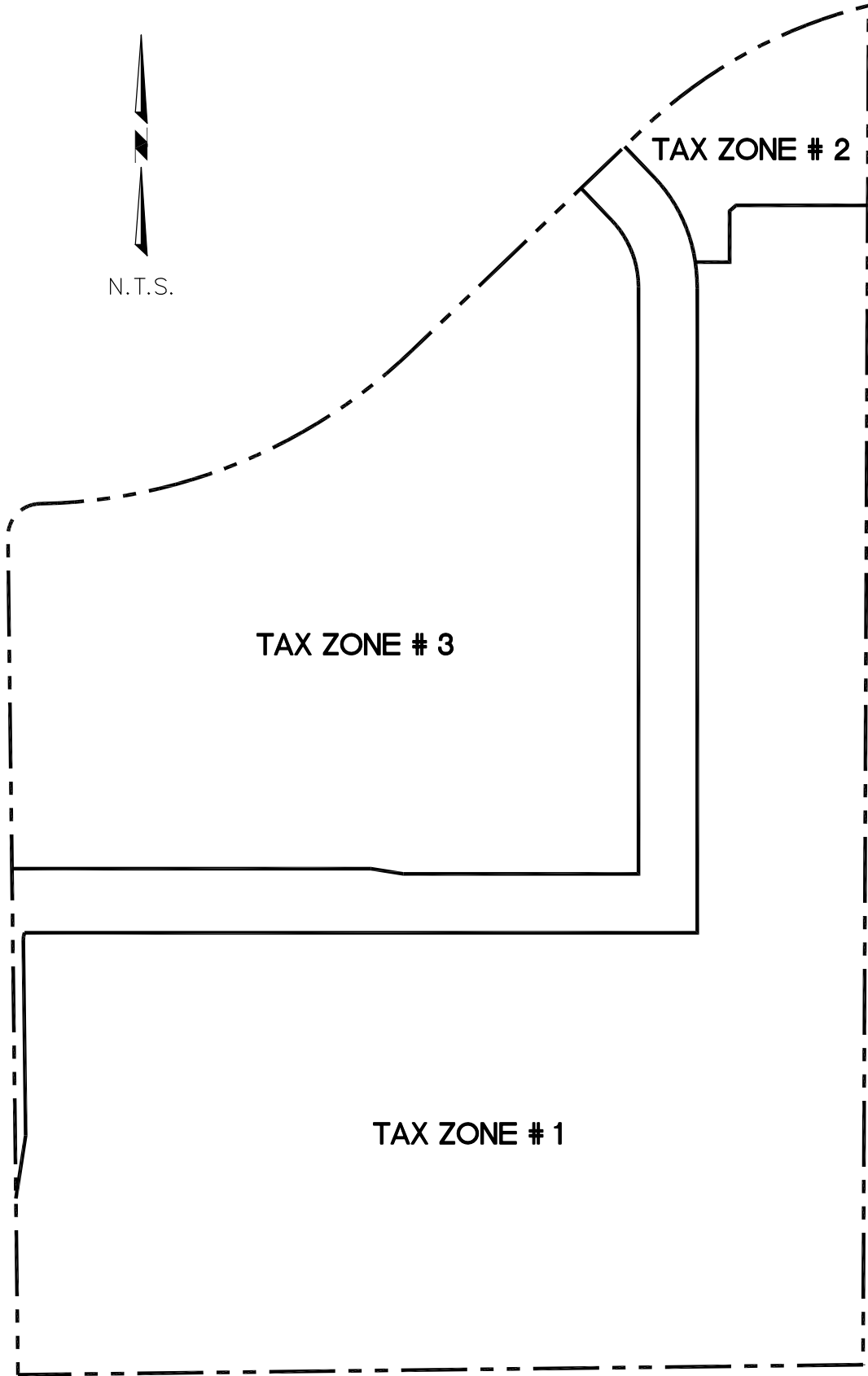
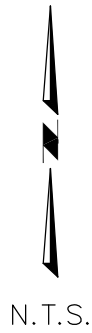
expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Facilities Special Tax that can be levied on a Parcel after a partial prepayment is made is equal to the Maximum Facilities Special Tax that could have been levied prior to the prepayment, reduced by the percentage of the full prepayment that the partial prepayment represents, all as determined by or at the direction of the Administrator.

J. INTERPRETATION OF SPECIAL TAX FORMULA

The City reserves the right to make minor administrative and technical changes to this document that does not materially affect the rate and method of apportioning the Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

DIAMOND CREEK DC-31 TAX ZONES

JANUARY 25, 2007



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ATTACHMENT 2

**CITY OF ROSEVILLE
DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)**

EXPECTED LAND USES AND REQUIRED REVENUES

Tax Zone	Expected Land Uses	Base Maximum Tax Fiscal Year 2007-08 *	Required Revenues Fiscal Year 2007-08 *
Tax Zone #1	131 Units	\$1,425 per Unit	\$186,675
Tax Zone #2	8 Units	\$1,100 per Unit	\$8,800
Tax Zone #3	75,000 commercial square feet	\$0.36 per square foot of Commercial Floor Area	\$27,000
	Units	Per Unit amount to be determined per Section C.3.a of the RMA	\$219,525
CFD Maximum Facilities Special Tax Revenue			\$442,000

* *These amounts apply only to the Facilities Special Tax; the Services Special Tax is identified in Section D above and is not part of the Required Revenues. Beginning in Fiscal Year 2008-09, and each Fiscal Year thereafter, the Base Maximum Special Tax and Required Revenues for each Tax Zone shall be adjusted by the Annual Special Tax Escalation Factor.*

Appendix D

Total Annual Burden Analysis

Appendix D
Total Annual Burden Analysis
for an average SFD Unit (Fiscal Year 2007-08)

Assumptions		
Estimated Assessed Value per SFD Unit /1		\$468,000
	<u>% of Value</u>	<u>Levy Amount</u>
General Property Taxes & General Obligation Taxes /2	1.0774%	\$5,042
Existing and Proposed Special Tax Liens		
North Roseville CFD No. 1 (Infrastructure)	0.0374%	\$175
North Roseville CFD No. 2 (Services)	0.0024%	\$11
City of Roseville CFD No. 3 (Municipal Services)	0.0624%	\$292
Diamond Creek CFD No. 1 (Public Facilities)		
Facilities Special Tax	0.3045%	\$1,425
Services Special Tax	<u>0.0038%</u>	<u>\$18</u>
Total Assessments and Taxes	1.4840%	\$6,945

/1 Estimated home sales price of \$475,000 minus \$7,000 to account for the homeowners exemption.

/2 Includes voter-approved taxes for school districts and the Placer County Mosquito Abatement charges.

Source: Piper Jaffray; Goodwin Consulting Group, Inc

04/04/2007