Economic &
Planning Systems
Real Estate Economics
Regional Economics
Public Finance
Land Use Policy

REVISED HEARING REPORT

WOODCREEK EAST CFD NO. 1

Prepared for:

City of Roseville

Prepared by:

Economic & Planning Systems, Inc.

October 10, 2000

EPS # 10182

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I. INTRODUCTION

BACKGROUND

The Woodcreek East Plan area encompasses approximately 180.7 gross acres of development located about 5 miles northwest of downtown Roseville. Woodcreek East is within the North Industrial Planning Area. The parcels within Woodcreek East were originally zoned for light industrial use. However, they have since been re-zoned for residential use. Of the two parcels within the CFD, only one is planned for development and entitlement under the development agreement, which allows for 350 single family residential units on this parcel.

As shown in **Map 1,** the CFD is primarily accessed by its western boundary, Woodcreek Oaks Boulevard. It is also bounded by the Roseville / Placer County line on the north and vacant, light-industrial-zoned land on the east and south.

The Woodcreek East project will require the construction of major road, sewer, water, and drainage facilities, as well as other facilities that will be funded through the community facilities district financing. In addition, the development will fund a contribution to the City of Roseville ("City") for general citywide improvements.

PURPOSE OF THE CFD

The Woodcreek East project has proposed the formation of the Woodcreek East Community Facilities District No. 1 (the "CFD") for the purpose of funding approximately $4.3 million in backbone infrastructure required for this development.

ORGANIZATION OF THE REPORT

Chapter II describes the public facilities to be funded. **Chapter III** discusses the proposed bond issue and the maximum special tax.

Two exhibits are attached to this report. **Exhibit A** is the Rate and Method of Apportionment (the "Tax Formula"). The maps at the end of this exhibit show the general boundaries of the CFD. **Exhibit B** is the list of eligible facilities for which the CFD may fund acquisition or construction.

Map 1

BOOK ___ OF COMMUNITY FACILITIES DISTRICTS, PAGE ___

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA ON THIS ____ DAY OF ____________, 2000.

CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

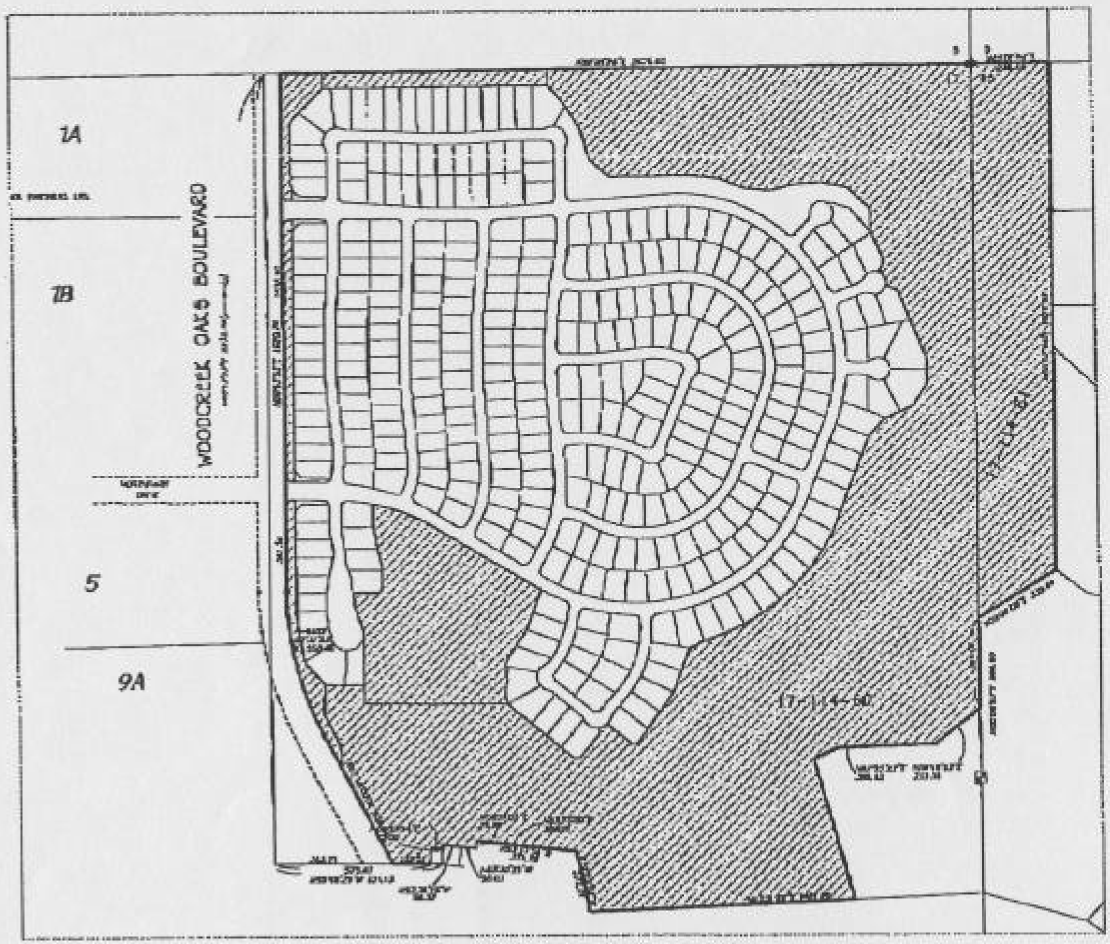
I HEREBY CERTIFY THAT THIS MAP WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF ____________, 2000, BY ITS RESOLUTION NUMBER. RESOLUTION NO. ________.

CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

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

COUNTY RECORDER
COUNTY OF PLACER

2



VICINITY MAP

LEGEND

NON-TAXABLE PARCELS

PROPOSED BOUNDARY
WOODCREEK EAST
COMMUNITY FACILITIES DISTRICT No. 1
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

PORTIONS OF SECTIONS 16 AND 17
TOWNSHIP 11 NORTH, RANGE 6 EAST, M.D.M.
AUGUST 2, 2000

MACKAY & SOMPS
CIVIL ENGINEERS, INC.

II. FACILITY COST AND COST ALLOCATION

The facility-funding program will allow development of the Woodcreek East project in a timely fashion. This chapter will describe the facilities to be financed, the cost of these facilities, and how these costs have been allocated to development within Woodcreek East.

FACILITY COSTS

Approximately $4.3 million in public facilities is required for the development of Woodcreek East. **Figure 1** shows the total on-site facility costs for the development as well as a $300,000 contribution to the City of Roseville. All funding for the facilities will come from the Community Facilities District financing.

COMMUNITY FACILITY DISTRICT FUNDING

MacKay & Somps Civil Engineers, Inc. prepared the facility costs that are described below and shown in **Figure 1**. Engineering, surveying, and contingency are included at the bottom of **Figure 1**.

Roadway Facilities

Woodcreek East is bounded by one major arterial road, Woodcreek Oaks Boulevard, on the west side of the development and will include entry, primary, and minor residential streets. Planned streetwork includes excavation, grading, paving, curbs and gutters, sidewalks, a bus turnout, and signing and striping. Road improvements totaling $473,875 will be funded through the CFD.

Sewer Facilities

Woodcreek East will connect into the regional sewer system serving the City of Roseville. The cost estimate for these improvements is $25,000 and will be funded through the CFD.

Water

Water improvements total approximately $7,700 in costs. A recycled water system is estimated to total approximately $62,200. The necessary water improvements and recycled water system will be funded through the CFD.

Storm Drainage

Woodcreek East will connect into the regional storm drainage system serving the City of Roseville. Storm drainage improvements will include pipelines and appurtenances. The cost estimate for these improvements is $231,850 and will be funded through the CFD.

Figure 1
Woodcreek East CFD No. 1
Estimated Costs for Improvements

Description	Unit	Quantity	Unit Price	Total Price
Streetwork & Concrete				
Clear and Grub	AC	5	$1,750.00	$8,750
Excavation (assumed 1.5' cut)	CY	12,000	$3.25	$39,000
Finish Grading & Compacted Subgrade	SF	85,000	$0.15	$12,750
4" AC Paving	SF	75,000	$0.80	$60,000
6" Aggregate base	SF	75,000	$0.70	$52,500
6" Aggregate Subbase	SF	75,000	$0.70	$52,500
Type 2 Curb & Gutter	LF	2,700	$15.00	$40,500
Type 2 Barrier Curb	LF	5,500	$17.00	$93,500
8' Sidewalk	SF	21,500	$4.25	$91,375
Bus Turnout [1]	LS	1	$18,000.00	$18,000
Signing & Striping	LS	1	$5,000.00	$5,000
Subtotal Streetwork & Concrete				**$473,875**
Storm Drainage				
48" Storm Drain	LF	1,000	$85.00	$85,000
54" Storm Drain	LF	1,000	$90.00	$90,000
72" Storm Drain Manhole	EA	3	$5,200.00	$15,600
96" Storm Drain Manhole	EA	1	$7,700.00	$7,700
54" Pipe Outlet Structure w/ Access Control Rack	EA	1	$6,000.00	$6,000
Rock Slope Protection	SF	2,400	$9.00	$21,600
Excavate Ditch to 54" Storm Drain	LF	130	$15.00	$1,950
Connect to Existing	EA	2	$2,000.00	$4,000
Subtotal Storm Drainage				**$231,850**
Water System				
8" Waterline	LF	75	$52.00	$3,900
8" Gate Valve	EA	1	$1,400.00	$1,400
2" Blowoff	EA	2	$1,200.00	$2,400
Subtotal Water System				**$7,700**
Recycled Water System				
8" Waterline	LF	400	$52.00	$20,800
8" Gate Valve	EA	1	$1,400.00	$1,400
Booster Pump	LS	1	$40,000.00	$40,000
Subtotal Recycled Water System				**$62,200**
Sewer Improvements			$25,000.00	**$25,000**
Electrical				
Mainline Joint Trench (Woodcreek Oaks Blvd.)	LF	2,670	$120.00	$320,400
Unreimbursed portion of undergrounding 60 KV lines [2]	LS	1	$225,000.00	$225,000
Subtotal Electrical				**$545,400**
Park Improvements [3]			$352,000.00	**$352,000**
Bike Trail				
10' Bike Trail, per PK-30	LF	3,000	$35.00	$105,000
Bike/Pedestrian Bridge [4]	LS	1	$100,000.00	$100,000

Figure 1
Woodcreek East CFD No. 1
Estimated Costs for Improvements

Description	Unit	Quantity	Unit Price	Total Price
Storm Drain Crossing	EA	3	$10,000.00	$30,000
Subtotal Bike Trail				**$235,000**
Sound Attenuation				
Berm Grading	CY	50,000	$3.25	$162,500
Berm Landscaping	SF	150,000	$2.50	$375,000
6' Masonry Sound Wall	LF	2,300	$30.00	$69,000
Sound Attenuation Enclosure	LS	1	$500,000.00	$500,000
Subtotal Sound Attenuation				**$1,106,500**
On Site Wetland Mitigation [5]	LS	1	$25,000.00	**$25,000**
Miscellaneous				
City Entry Feature	EA	1	$40,000.00	$40,000
Median Landscaping	SF	34,000	$2.50	$85,000
Hydroseed	SF	100,000	$0.05	$5,000
Erosion Control	LS	1	$7,000.00	$7,000
Subtotal Miscellaneous				**$137,000**
Contribution to City-Wide Improvements	LS	1	$300,000.00	**$300,000**
Engineering & Surveying	LS	1	$250,000.00	**$250,000**
Subtotal Estimated Improvement Costs				**$3,751,525**
Contingency @ 15%				$562,729
Total Estimated Improvement Costs				**$4,314,254**

"Costs"

[1] Bus Turnout includes AC/AB, pad, and all Concrete except 8' Sidewalk.
[2] Per the development agreement.
[3] Cost estimate prepared by Land Architecture.
[4] Cost estimate prepared by Mark Thomas Company.
[5] Cost estimate prepared by ECORP Consulting.

Source: Mackay & Somps Civil Engineers, Inc.

Electrical Facilities

Electrical improvements for Woodcreek Oaks Boulevard will be funded through the CFD and total approximately $545,400 in costs.

Landscaping and Entry Feature

The costs for median landscaping and a city entry feature are included in the CFD. The estimated cost for median landscaping is $85,000 and the estimated cost for the entry feature is $40,000 before engineering, surveying, and contingency. Hydroseed and erosion control are estimated at $5,000 and $7,000 respectively.

Citywide Improvement Contributions to City of Roseville

The CFD will also fund a contribution of $300,000 to the City for citywide improvements.

Sound Attenuation

Woodcreek East will be bounded on the north side by a sound wall and sound attenuation enclosure. The estimated costs for sound attenuation, including grading and landscaping, will be approximately $1.1 million. These costs will be funded by the CFD.

Park Improvements and Bike Trail

The CFD will also fund park improvements and a bike trail. The bike trail with a bike/pedestrian bridge and a storm drain crossing is estimated to cost $235,000 and the park improvements are estimated to be $352,000.

On-Site Wetland Mitigation

Wetland mitigation costs are estimated to be $25,000 and will be funded by the CFD.

Engineering, Surveying, and Contingency

Engineering, surveying, and contingency costs have been included in the on-site facilities cost. Engineering and surveying are estimated to be $250,000 and a 15 percent contingency is estimated to be $562,729. These costs will be funded through the CFD.

COST ALLOCATION

Woodcreek East will be a residential development only. Approximately 350 single family units are planned for development. All of the costs described above, approximately $4.3 million, will be allocated only to this residential development.

III. PROPOSED BOND ISSUES AND MAXIMUM SPECIAL TAX

FACILITY FUNDING PROGRAM

Funding of the $4.3 million in CFD facility costs will come from CFD Bond Proceeds.

CFD BOND PROCEEDS

One bond issue of approximately $5.6 million will produce an estimated $4.3 million in proceeds to fund the construction of authorized facilities. The total bond amount will be set based on the appraisal of the CFD land uses by Bender Rosenthal. The actual amount of bond proceeds from this bond issue will be dependent upon the reserve fund requirement, the costs of issuance, and the bond interest rate. **Figure 2** shows the estimated bond proceeds and the Maximum Special Taxes. Fifteen months of capitalized interest is anticipated and estimated to be $523,781. The City's bond underwriter will determine the actual bond costs at the time of the bond sale.

CALCULATION OF MAXIMUM ANNUAL COST

Annual costs funded by special tax collections consist of several components. The first component is debt service on the bonds, which is the annual payment of interest and principal to bond holders. The second component is the annual cost of administering the CFD. Additional costs to replenish the bond reserve fund are also included in CFD annual costs. A fourth cost component provides for tax delinquencies. Provisions for delinquencies are necessary, as some taxpayers may not pay their tax bills promptly.

The maximum annual cost for the CFD is estimated to be $584,335. As shown in **Figure 2,** the estimated debt service component of this amount is estimated to be $501,214. This leaves $83,121 to cover City administrative costs and delinquency coverage. The debt service estimate assumes 25-year bonds issued at 7.5 percent interest rate. If interest rates are higher at the time of the issue, fewer bonds could be issued resulting in a lower amount of bond proceeds.

The Tax Formula is designed to provide revenue sufficient to cover the maximum annual cost in any year in which bonds are outstanding. In years when less than maximum revenues are needed, the total tax levy will be less than the maximum authorized rates.

WOODCREEK EAST CFD NO. 1 MAXIMUM SPECIAL TAXES

As there are only two parcels within the CFD and only one of them is taxable, the annual special tax was assigned only to the taxable parcel. Planned development will create 350 residential units on the taxable parcel. The annual special tax therefore is based on $1,670 per

Figure 2
Woodcreek East CFD No. 1
Estimated Bonds and Maximum Special Taxes

<u>Estimated Bonds</u>	
Bond Proceeds	$4,314,300
Reserve Fund	$501,214
Capitalized Interest	$523,781
Issuance Costs	$139,675
Underwriting	$94,979
Adjustment Factor for Rounding	$13,051
Total Bonds	**$5,587,000**
<u>Maximum Special Taxes</u>	
Annual Debt Service	$501,214
City Administration	$30,000
Deliquency Coverage	$53,121
Maximum Special Tax	**$584,335**
Major Assumptions	
Bond Interest Rate	7.50%
Bond Term	25
Months of Capitalized Interest	15
Issuance Costs	2.50%
Underwriting Costs	1.70%
Deliquency Coverage	10.00%
City Administration Costs	$30,000
Bond Factor	129.50%

"bonds_taxes"

[1] Bond factor applied to bond proceeds to arrive at the estimated bond amount.

unit for the 350 residential units. Because the maximum special taxes are set on a per-parcel basis, the actual tax rate per unit will vary if the actual number of units developed on the original taxable parcel is different than anticipated.

Figure 3 shows the maximum annual special taxes for each original parcel and how the maximum annual special taxes will be allocated to the residential units within the taxable parcel assuming development of 350 units.

DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT

Parcels within the CFD will pay special taxes based upon the Rate and Method of Apportionment (the "Tax Formula"). The attached exhibits contain the formation documents for CFD No. 1. **Exhibit A** contains the Tax Formula and **Exhibit B** is the list of eligible facilities to be acquired by the CFD. The purpose of the CFD is to provide funding for the acquisition of all or a portion of the eligible CFD facilities from the project developer.

DEFINITION OF ANNUAL COSTS

Each year, the City will approve the costs of the CFD for the upcoming fiscal year. The annual costs will include the following items:

- Debt service on the Special Tax Bonds;
- Replenishment of the Bond Reserve Fund;
- Anticipated Tax Delinquencies;
- Administration of the CFD; and
- Reimbursements for eligible advanced-funded CFD facilities.

Until all reimbursable costs are funded, each parcel will be taxed at its maximum rate. After the reimbursable costs are funded, the costs funded by the levy of the special tax will be determined by adding the annual cost of the above listed items and subtracting other available revenues. The City will then apply the Tax Formula to determine the tax levy for each parcel.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The City shall prepare a list of the parcels subject to the Special Tax using their records and the County Assessor records. The City will tax all parcels within the CFD except tax-exempt parcels and parcels that have prepaid their special tax obligation as described in Section 7 of the Tax Formula. Taxable parcels that are acquired by a public agency after the CFD is formed will remain subject to the special tax unless a "trade" resulting in no loss of tax revenue can be made, as described in Section 5 of the Tax Formula.

Figure 3
Woodcreek East CFD
Maximum Special Tax per Unit

Item	Original Parcel 017-114-060	Original Parcel 017-114-061
Tax Status	Taxable	Tax-Exempt
Annual Maximum Special Tax	$584,335	$0
Residential Units	350	-
Annual Maximum Special Tax per Unit	**$1,669.53**	**$0**

"max_tax"

TERMINATION OF THE SPECIAL TAX

The special tax will be levied and collected for as long as needed to pay the principal and interest on bond debt and other costs incurred in order to construct the authorized facilities and to pay the annual costs. However, in no event shall the special tax be levied on any parcel in the CFD after Fiscal Year 2035-36.

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

ASSIGNMENT OF MAXIMUM SPECIAL TAX

Section 5 of the Tax Formula describes in detail the precise method for assigning the maximum special tax to parcels within each CFD. The following paragraph briefly summarizes these procedures.

Each year the Administrator will use the definitions contained in the Tax Formula to classify each Parcel as tax-exempt or taxable. The Tax Formula assigns a total maximum tax to the existing Original Parcels and then reallocates the tax to Successor Parcels based the number of single family residential lots or individually-owned condominium lots, by dividing the maximum special tax between the lots on a pro rata basis.

SETTING THE SPECIAL TAX LEVY FOR TAXABLE PARCELS

After computing the annual costs and determining the maximum annual special tax for each parcel, the City will determine the tax levy for each parcel. To determine the annual levy, the City will use the process presented in Section 6 of the Tax Formula. That process can be summarized as follows.

- First, the administrator determines the annual cost for the fiscal year as defined in the Tax Formula.
- Second, the administrator computes 100 percent of the maximum special tax revenue for all taxable parcels.

If the maximum special tax revenue from taxable parcels exceeds the annual cost, the administrator shall decrease the special tax levy proportionately for each taxable parcel until the total special tax revenue equals the annual costs.

PREPAYMENT OF THE SPECIAL TAX OBLIGATION

Landowners may permanently satisfy all or a portion of the Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- Prepayments must be made by May 1 in order to have the Prepayment reflected in the following Fiscal Year's Special Tax Levy.
- The Parcel is a whole Original Parcel greater than one acre, a Successor Parcel greater than ten acres, or a group of contiguous Successor Parcels, greater than or equal to ten gross acres, with a common owner. However, if an Original Parcel or a Successor Parcel larger than ten acres is subdivided by a final Large-Lot Subdivision Map and a Successor Parcel less than ten acres results, the smaller Successor Parcel(s) will be allowed to take advantage of the same Prepayment provisions offered to the Parcel from which it was created.
- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- Prior to the calculation of the prepayment amount, the landowner must notify the City whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the City of the dollar amount of the intended Prepayment. In no event shall a Partial Prepayment be for less than twenty-five percent of the full Prepayment amount.

The prepayment amount shall be established by following the procedures described in Section 7 of the Rate and Method of Apportionment of the Special Tax. Once bonds are sold, parcels wishing to prepay must prepay their share of outstanding bonds. Parcels wishing to prepay prior to the sale of bonds may pay the allocated amount of anticipated construction proceeds plus any costs incurred by the City in the formation of the CFD and the calculation or application of the prepayment proceeds.

MANNER OF COLLECTION

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

EXHIBITS:

EXHIBIT A: RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX

EXHIBIT B: LIST OF AUTHORIZED FACILITIES

EXHIBIT A:

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

EXHIBIT A

CITY OF ROSEVILLE
Woodcreek East
COMMUNITY FACILITIES DISTRICT NO. 1

RATE AND METHOD OF APPORTIONMENT SPECIAL TAX

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1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Woodcreek East Community Facilities District No. 1 (the "CFD") of the City of Roseville (the "City") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. DEFINITIONS

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

"**Administrative Expenses**" means the costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and corporate bond paying and / or fiscal agents or trustees for bonds and the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports, and any other costs required to administer the CFD as determined by the Finance Director of the City of Roseville.

"**Annual Costs**" means for each Fiscal Year for the CFD, the total of 1) Debt Service; 2) Administrative Expenses and County fees; 3) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year, and 4) any pay-as-you-go expenditures for authorized improvements.

"**Annual Tax Revenues**" means the amount of Special Taxes required each Fiscal Year to pay the Annual Costs.

“**Anticipated Facility Costs**” means $4,314,300 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index.

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

"**<u>Bond Indenture</u>**" means the indenture or other financing document pursuant to which the bonds are issued.

"**<u>Bond Share</u>**" means the Benefit Share for a Parcel multiplied by the applicable total of Outstanding Bonds.

"**<u>Bond Year</u>**" means the Twelve (12)-month period ending on the second bond payment date of each calendar year as defined in the Bond Indenture.

"**<u>CFD</u>**" means the Woodcreek East Community Facilities District No. 1 of the City of Roseville.

"**<u>City</u>**" means the City of Roseville, California.

"**<u>Council</u>**" means the City Council of the City of Roseville as the legislative body for the CFD under the Act.

"**<u>County</u>**" means the County of Placer, California.

"**<u>County Assessor's Parcel</u>**" means the parcel number as recorded by the County Assessor on the equalized tax roll.

"**<u>Debt Service</u>**" means the total amount of bond principal, interest, and scheduled sinking fund payments for a Bond Year commencing in such Fiscal Year.

"**<u>Final Large-Lot Subdivision Map</u>**" means a recorded map delineating Parcels by land use and providing the ability to transfer ownership of the delineated Parcels.

"**<u>Final Small-Lot Subdivision Map</u>**" means a recorded map designating the final small-lot Parcel splits for individual single-family residential Parcels. A Large-Lot Subdivision Map for single-family residentially zoned land is not considered a Final Small-Lot Subdivision Map for purposes of levying the Special Tax.

"**<u>Finance Director</u>**" means the Finance Director for the City of Roseville or his or her designee.

"**<u>Fiscal Year</u>**" means the period starting July 1 and ending the following June 30.

"**<u>Full Prepayment</u>**" means the Prepayment of a Parcel's entire Maximum Special Tax obligation prior to the termination of Special Taxes for the CFD as a whole.

"**<u>Maximum Special Tax</u>**" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year. Each time a Taxable Parcel is subdivided, the Maximum Special Tax will be reassigned to the Successor Parcels. The Maximum Special Tax at the formation of the CFD is shown in **Attachment 1**.

"**<u>Maximum CFD Revenue</u>**" means the sum of the Maximum Special Tax for all of the Taxable Parcels in the CFD.

"**<u>Original Parcel</u>**" means the large-lot parcel as it existed at the time of the adoption of the Resolution of Formation by the Council, as shown on **Map 1**.

"**Outstanding Bonds**" means bonds that have been issued by the CFD and not retired or defeased.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County.

"**Partial Prepayment**" means a Prepayment for less than the full portion of the Special Tax obligation for a Parcel.

"**Partial Prepayment Factor**" means a factor by which Maximum Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Special Tax. The Partial Prepayment Factor for a Partial Prepayment Parcel shall be calculated according to the steps described under Section 7 herein.

"**Partial Prepayment Parcel**" means a Parcel that has had a portion of its Special Tax obligation satisfied with a Prepayment under Section 7 hereof. Such Parcels shall be liable for a Special Tax Levy based on an adjusted Maximum Special Tax. If one or more Successor Parcels are created through the Subdivision of a Partial Prepayment Parcel, each of these Successor Parcels shall also be a Partial Prepayment Parcel. The Partial Prepayment Factor that applies to the Partial Prepayment Parcel prior to Subdivision shall apply to these Successor Parcels.

"**Prepayment**" means the full or partial payment of Maximum Special Taxes prior to the termination of Special Taxes for the CFD as a whole.

"**Public Parcel**" means any Parcel that is (1) publicly owned, and (2) is normally exempt from the levy of general **ad valorem** property taxes under California law, including public streets; schools; parks; and public drainage ways, public landscaping, greenbelts, and public open space. These Public Parcels -- so identified at the formation of CFD -- are exempt from the levy of Special Taxes.

"**PWD**" means the Public Works Director for the City of Roseville or his or her designee.

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

"**Reserve Fund Share**" means the amount on deposit in the Reserve Fund, but in any event not to exceed the required bond reserve as defined in the Bond Indenture, multiplied by the Benefit Share for a given Parcel.

"**Special Tax(es)**" mean(s) any tax levy under the Act in the CFD and as set forth in the definition of Annual Costs and Section 6 herein.

"**Subdivision**" means a group of Successor Parcels created from an Original Parcel through the Subdivision Map Act process.

"**Successor Parcel**" means a Parcel created by Subdivision, lot line adjustment, or parcel map from an Original Parcel.

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

"**Taxable Parcel**" means any Parcel that is not exempt from Special Taxes as defined below.

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (1) Public Parcels identified at the formation of the CFD or created by Subdivision of an Original or Successor Parcel where all of the taxes from the previous Original or Successor Parcel(s) have been assigned to the Taxable parcels, and (2) any Parcel that has prepaid its Special Taxes under Section 7 hereof. A Taxable Parcel acquired by a public agency after formation of the CFD will not be classified as a Tax-Exempt Parcel.

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

"**Woodcreek East**" means the Woodcreek East development of the North Industrial Plan Area (NIPA) as shown in **Map 1**.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The Finance Director shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and the City's own records. The City shall identify the Taxable Parcels from a list of all Parcels within the CFD using the procedure described below.

1) Exclude all Tax-Exempt Parcels.

2) The remaining Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to timely correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

4. TERMINATION OF THE SPECIAL TAX

The Special Tax will be levied for as long as is needed to pay the principal and interest on debt incurred in order to construct the authorized facilities and to pay the Annual Costs. However, in no event shall the Special Tax be levied after Fiscal Year 2035-2036.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Council shall direct the City Clerk to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. ASSIGNMENT OF MAXIMUM SPECIAL TAXES

By August 1 of each Fiscal Year, using the Definitions from Section 2 and the Maximum Special Tax from **Attachment 1**, the Finance Director shall assign the Maximum Special Taxes to Parcels as follows:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel;

2. Each Taxable Parcel to be classified as an Original Parcel, a Successor Parcel, or a Partial Prepayment Parcel.

The assignment of the Maximum Special Tax to Taxable Parcels is as follows:

a) Partial Prepayment Parcels — the Maximum Special Tax for all Partial Prepayment Parcels is assigned by multiplying the Maximum Special Tax from **Attachment 1**, or as otherwise calculated for a Successor Parcel, by the Partial Prepayment Factor for that Parcel.

b) Original Parcel - the Maximum Special Tax for each Original Parcel is as shown on **Attachment 1**.

c) Successor Parcel - the Maximum Special Tax for each Successor Parcel is determined as follows:

(i) If the Successor Parcel is the result of a single-family residential or individually-owned residential condominium Parcel Subdivision, divide the Maximum Special Tax assigned to the Original Parcel or Successor Parcel, as calculated under (c) above or (d)(ii) below, by the number of single-family residential Parcels or residential condominium units. The result of this calculation is the Maximum Special Tax for each single-family residential or residential condominium Successor Parcel within the Subdivision.

d) Residential Unit / Maximum Special Tax Transfer - the Maximum Special Tax assigned to a residential Parcel under (a), (b), or (c) above, may be adjusted to reflect a change in the number of original residential units (as shown in **Attachment 1**) resulting from a transfer of units from one Taxable Parcel to another Taxable Parcel in the following manner:

(i) Calculate the existing Maximum Special Tax per unit by dividing the Maximum Special Tax for the Parcel by the number of units assigned to that Parcel;

(ii) Calculate the total Maximum Special Tax being transferred by multiplying the number of units being transferred by the calculation in (i) above. Add the total Maximum Special Tax and number units being transferred to the Parcel(s) receiving the transferred units and Maximum Special Tax.

(iii) Subtract the total Maximum Special Tax and the number of residential units being transferred, as identified in step (ii) above, from the Parcel transferring the Maximum Special Tax and the residential units.

Such unit and Special Tax transfer will be allowed under the following conditions:

(i) any decrease in one Parcel's Maximum Special Tax assignment is offset by an equal increase in the Maximum Special Tax of other Parcels to ensure that there is no net loss in the total Maximum Special Taxes; and,

(ii) all adjustments in the Special Tax are agreed to in writing by the affected property owners and the Finance Director.

e) If the assignment of Maximum Special Taxes to Successor Parcels under step c) above or through a transfer of Maximum Special Tax in step d) above results in unequal Maximum Special Taxes between residential Subdivisions within the subdivision of the CFD, the revised Maximum Special Taxes may be adjusted further to accommodate a uniform Special Tax between adjacent subdivisions. Such adjustments shall also be subject to the transfer conditions under step d) above.

f) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - if a parcel designated as a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Special Tax for each such Parcel shall be set equal to the average Maximum Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director**.**

g) Taxable Parcels Acquired by a Public Agency — A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

6. SETTING THE ANNUAL SPECIAL TAX LEVY

The Special Tax levy for each Parcel will be established annually as follows:

1) Compute the Annual Costs using the definitions in Section 2.

2) Calculate the Special Tax for each Parcel as follows:

Step 1: Compute 100% of the Maximum Special Tax revenue for all Taxable Parcels.

Step 2: Compare the Annual Costs with the Maximum Special Tax revenue calculated in the previous step.

Step 3: If the Annual Costs are less than the Maximum Special Tax revenue, decrease proportionately the Special Tax levy for each Taxable Parcel until the Special Tax revenue equals the Annual Cost.

3) Prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

The City shall make every effort to correctly assign the number of taxable units and calculate the Special Tax for each parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

As development and subdivision of Woodcreek East takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD and the authorized Maximum Special Tax on all such Parcels available for public inspection. This record shall show the Maximum Special Tax on all Original and Successor Parcels and a brief description of the process of assigning the Maximum Special Tax each time a Successor Parcel was created. The record will also indicate whether a Parcel is a Prepayment Parcel or a Partial Prepayment Parcel. Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Finance Director appealing the levy of the Special Tax.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may satisfy all or a portion of the Special Tax obligation on any given Parcel. Landowners may permanently satisfy all or part of the Special Tax obligation by a cash settlement with the City as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- Prepayments must be made by May 1 in order to have the Prepayment reflected in the following Fiscal Year's Special Tax Levy.

- The Parcel is a whole Original Parcel greater than one acre, a Successor Parcel greater than ten acres, or a group of contiguous Successor Parcels, greater than or equal to ten gross acres, with a common owner. However, if an Original Parcel or a Successor Parcel larger than ten acres is subdivided by a final Large-Lot Subdivision Map and a Successor Parcel less than ten acres results, the smaller Successor Parcel(s) will be allowed to take advantage of the same Prepayment provisions offered to the Parcel from which it was created.

- The City determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on Outstanding Bonds.

- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.

- Prior to the calculation of the prepayment amount, the landowner must notify the City whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the City of the dollar amount of the intended Prepayment. In no event shall a Partial Prepayment be for less than twenty-five percent (25%) of the full Prepayment amount.

The Full Prepayment amount shall be established by following the steps below. The Partial Prepayment is calculated by following the steps in Part B below. Transfers from the Reserve Fund for a Full or Partial Prepayment are described in Part C below.

Part A: Prepayment of Outstanding Bond Share

Step A.1: Determine the Maximum Special Tax for the Parcel based on the assignment of the Maximum Special Tax described in Section 5 above.

Step A.2: Determine the "Benefit Share" by dividing the Maximum Special Tax determined in Step A.1 above by the Maximum CFD Revenue for all Parcels in the CFD.

Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Share From Step A.2 above by the total amount of Outstanding Bonds issued by the CFD.

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

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

Part B: Remaining Facility Cost Share

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

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

Step B.3: Determine the share of facilities funded with any pay-as-you-go special tax revenues by multiplying the Benefit Share by the total amount of pay-as-you-go funding used to acquire authorized facilities.

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

Step B.5: The Bond Authorization for the CFD shall be reduced by an amount equal to the amount determined in Step B.4 above multiplied by a factor of 1.15.

Step B.6: Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.

Part C: Partial Prepayments

If the prepayment is a partial prepayment, then the property owner shall designate an amount which is less than the total prepayment amount determined above for the prepaying Parcel (or group of prepaying Parcels) that results in a bond call in a whole number multiple of $5,000. In no event shall a Partial Prepayment be for less than twenty-five percent (25%) of the full Prepayment amount. The City shall then determine the Partial Prepayment Factor by the following procedure:

Step C.1: Subtract the amount of the Partial Prepayment from the Full Prepayment amount calculated in Step B.6 above;

Step C.2: Subtract any fixed costs (such as the cost of the Prepayment calculation and other fees that do not vary proportionally with the size of the prepayment) of the Prepayment from the Full Prepayment amount;

Step C.3: Divide the result of Step 1 by the result of Step C.2 above; and,

Step C.4: If a Partial Prepayment has previously been made for this Parcel, multiply the result of Step C. 3 above times the previously calculated Partial Prepayment Factor.

Part D: Transfers

Make the appropriate transfers from the Reserve Fund to the prepayment fund, as follows:

Step D1: For a Full Prepayment transfer the amount of the Reserve Fund Share.

Step D.2: For a Partial Prepayment, transfer an amount equal to the Reserve Fund Share times one minus the Partial Prepayment Factor.

8. ADMINISTRATIVE CHANGES AND APPEALS

The Finance Director or designee has the authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

Any taxpayer who feels that the amount of the Special Tax assigned to a parcel is in error may file a notice with the Finance Director appealing the levy of the Special Tax. The Finance Director will then promptly review the appeal, and if necessary, meet with the applicant. If the Finance Director verifies that the tax should be modified or changed, a recommendation at that time will be made to the City Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

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

9. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ***ad valorem*** property taxes; provided, however, that the City or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligation.

Attachment 1
Woodcreek East CFD No. 1
Maximum Special Taxes

Original Parcel	Land Use	Residential Units	Annual Maximum Special Tax
[1]		[2]	
017-114-060	LDR	350	$584,335
017-114-061	N / A	0	$0

[1] Represents all Taxable Parcels at the time of CFD Formation.
[2] Represents entitlement under project Development Agreement.

Map 1

BOOK ___ OF COMMUNITY FACILITIES DISTRICTS, PAGE ___

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA ON THIS ___ DAY OF __________, 2000.

CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

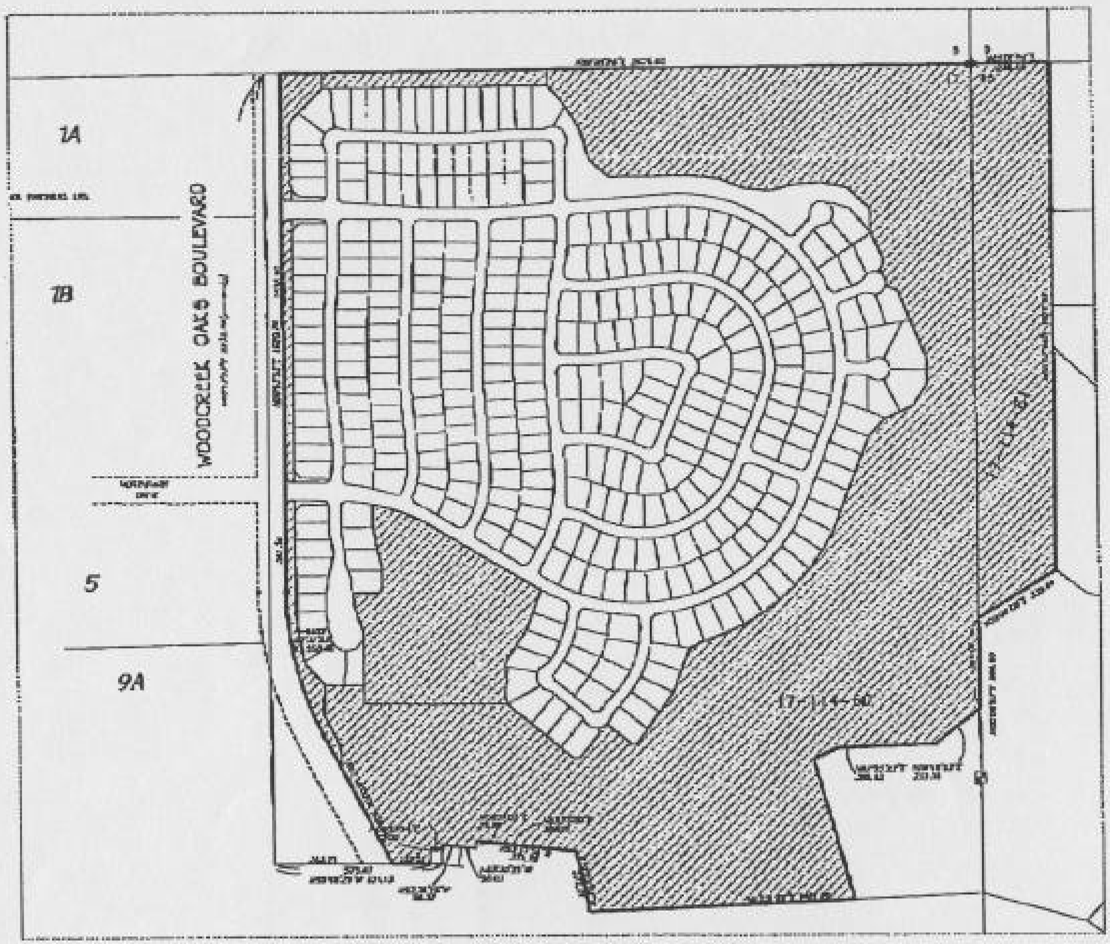
I HEREBY CERTIFY THAT THIS MAP WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE ___ DAY OF __________, 2000, BY ITS RESOLUTION NUMBER. RESOLUTION NO. ________.

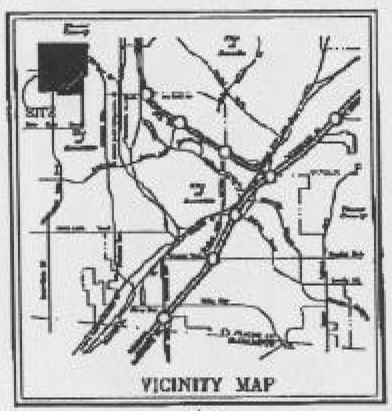
CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

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

COUNTY RECORDER
COUNTY OF PLACER

2





VICINITY MAP

LEGEND

NON-TAXABLE PARCELS

PROPOSED BOUNDARY
WOODCREEK EAST
COMMUNITY FACILITIES DISTRICT No. 1
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

PORTIONS OF SECTIONS 16 AND 17
TOWNSHIP 11 NORTH, RANGE 6 EAST, M.D.M.
AUGUST 2, 2000

MACKAY & SOMPS
CIVIL ENGINEERS, INC.

EXHIBIT B:

LIST OF AUTHORIZED FACILITIES

EXHIBIT B

Woodcreek East
Community Facilities District No. 1
City of Roseville, California

LIST OF AUTHORIZED FACILITIES

Authorized facilities that may be funded through the CFD include the following public improvements:

Transportation Improvements

Authorized facilities include the following transportation-related improvements:

- Woodcreek Oaks Boulevard construction; and

- Other public roadway improvements designed to meet the needs of the project.

Eligible roadway improvements include: purchase of right of way; roadway design; project management; bridge crossings; clearing and grubbing; grading and paving; joint trenches and underground utilities (including electrical improvements and reimbursements to City for costs of underground electrical improvements installed by City); curbs, gutters and sidewalks; street lights (including reimbursements to the City) and signalization; bus turnouts; signs and striping; erosion control; median and parkway landscaping; entry monumentation; and other improvements related thereto.

Water System Improvements

Authorized facilities including any and all water facilities which benefit any area outside of the property within Woodcreek East CFD No. 1, or any off-site water improvements as necessary to serve the property. These facilities include water distribution facilities including waterlines and appurtenances, gate valves, pressure reducing stations, flow meters, fire hydrants and related water system improvements.

Recycled Water System Improvements

Authorized facilities including any and all recycled water system facilities designed to meet the needs of development within Woodcreek East CFD No. 1. These facilities include recycled water distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressuration system and related recycled water system improvements.

Drainage System Improvements

Authorized facilities including any and all drainage and storm drain improvements designed to benefit any area outside of the property within Woodcreek East CFD No. 1, including, but not limited to, pipelines and appurtenances, temporary drainage facilities, detention / retention basins and drainage pretreatment facilities.

Wastewater System Improvements

Authorized facilities including any and all wastewater facilities which benefit any area outside of the property within Woodcreek East CFD No. 1. These facilities include pipeline and appurtenances; manholes; tie-in to existing main line; and related sewer system improvements.

Park Improvements

Authorized facilities include any and all improvements to parks located within Woodcreek East CFD No. 1.

Open Space Improvements

Authorized facilities include any and all improvements to open space located within Woodcreek East CFD No. 1, including, but not limited to, bike trails, bike / pedestrian bridges, storm drain crossings, wetland mitigation and related open space improvements.

Sound Attenuation Improvements

Authorized facilities include any and all sound attenuation improvements designed to meet the needs of development within the CFD including, but not limited to, berm construction and landscaping, soundwalls, sound attenuation enclosures and related sound attenuation improvements.

City-wide Improvements

Authorized facilities include the cost of contributions to City-wide improvements serving the needs of development within the Woodcreek East CFD No. 1 as provided in the Woodcreek East Development Agreement.

Other Expenses

In addition to the above facilities, other incidental expenses as authorized by the Mello-Roos Community Facilities Act of 1982, including, but not limited to, the cost of planning and designing the facilities (including the cost of environmental evaluation and environmental remediation); engineering and surveying; construction staking; utility relocation and demolition costs incidental to the construction of the public facilities; costs of project / construction management; costs associated with the creation of the Mello-Roos CFD; issuance of bonds; determination of the amount of taxes, collection of taxes; payment of taxes; or costs otherwise incurred in order to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities serving the Woodcreek East Project; and any other expenses incidental to the construction, completion and inspection of the facilities.

Note: All CFD Improvements listed on Exhibit L to the Development Agreement will be funded prior to any other facilities, in the event funding is limited.