

RESOLUTION NO. 2017-126

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
DECLARING ITS INTENTION TO ANNEX TERRITORY TO COMMUNITY FACILITIES
DISTRICT NO. 2005-1 (LAGUNA RIDGE) AND TO LEVY A SPECIAL TAX TO PAY
FOR CERTAIN FACILITIES AND SERVICES (ANNEXATION NO. 7)**

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the City Council (the "City Council") of the City of Elk Grove (the "City"), on March 8, 2006, approved Resolution No. 2006-62 establishing the City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) (the "CFD"); and

WHEREAS, the City Council called a special election for March 8, 2006, at which the questions of levying a special tax and establishing an appropriations limit with respect to the CFD were submitted to the qualified electors within the CFD; and

WHEREAS, on March 8, 2006, the City Council adopted Resolution No. 2006-63 determining the results of the special election and finding that more than two-thirds (2/3) of all votes cast at the special election were cast in favor of the proposition presented, and such proposition passed; and

WHEREAS, the City Council has determined, because of the proposed development of certain property within the City, to initiate proceedings for the annexation of such property to the CFD in accordance with the Act.

NOW, THEREFORE BE IT RESOLVED by the City of Elk Grove that:

Section 1. Description of Territory to be Annexed. Public convenience and necessity require, and this City Council proposes and intends, that the City Council annex certain territory to the CFD. The territory to be annexed is described in a map entitled "Annexation Map No. 7 of Community Facilities District No. 2005-1 (Laguna Ridge), City of Elk Grove, County of Sacramento" which is on file with the City Clerk. The City Clerk is hereby authorized and directed to endorse the certificates set forth on the map and to record the map in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

Section 2. Description of Territory Included in Existing CFD. The boundaries of the territory currently included in the CFD are described in the maps recorded and on file as follows:

A. "Amended Map of District Boundaries, Community Facilities District No. 2005-1 (Laguna Ridge), City of Elk Grove, Sacramento County, State of California," recorded on December 20, 2005, in Book 101 of Maps of Assessment and Community Facilities Districts at page 27 in the office of the Sacramento County Recorder;

Section 3. Specification of the Types of Public Facilities and Services Provided. The type of public facilities and services to be provided in the territory proposed to be annexed to the CFD is the same as that provided in the existing CFD and are more particularly described in Exhibit A hereto. The services authorized to be

financed by the CFD are in addition to those currently provided in the territory of the CFD and do not supplant services already available within that territory.

Section 4. Determination Regarding Demands for Facilities. In accordance with Government Code Section 53326(b), the City Council finds and determines that the proposed public facilities are necessary to meet increased demands put upon the City as the result of new development occurring within the territory proposed to be annexed to the CFD.

Section 5. Plan for Sharing Facilities and Providing Services. The public facilities and services that are financed by taxes collected in the CFD will be provided to used by residents of the current CFD and residents of the territory proposed to be annexed on the same basis.

Section 6. Specification of Special Taxes to be Levied. Except where funds are otherwise available, a special tax sufficient to pay for all services to be provided in or for the territory to be annexed and secured by a continuing lien against all nonexempt real property in the CFD, will be annually levied within the territory proposed to be annexed to the CFD. The rate, method of apportionment, and manner of collection of such special tax is set forth in Exhibit A hereto.

Section 7. No Alteration of the Special Tax Levied in the Existing Community Facilities District. The City Council does not propose to alter the special tax rate levied within the existing CFD as a result of the proposed annexation.

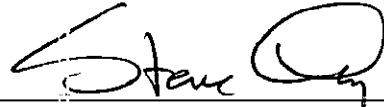
Section 8. Public Hearing. The City Council hereby fixes 6:00 p.m., or as soon thereafter as practicable, on July 26, 2017, at the regular meeting place of the City Council, City Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place for a public hearing on the annexation of territory to the CFD.

Section 9. Notice of Hearing. The City Council directs the City Clerk to publish a notice of the hearing, in substantially the form attached hereto as Exhibit B, once not later than seven days prior to the date fixed for the hearing, in *The Elk Grove Citizen*, a newspaper of general circulation published in the area of the CFD.

Section 10. Mailing Ballots. In anticipation of its action on July 26, 2017, to call the election on the annexation for the same date, pursuant to waiver of election time limits from the landowners, the City Council hereby authorizes the City Clerk to mail to each landowner in the territory proposed to be annexed to the CFD a ballot in substantially the form set forth in Exhibit C hereto. A copy of the waiver and consent form signed by the property owner is attached hereto as Exhibit D and incorporated herein by this reference.

Section 11. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 14th day of June 2017.



STEVE LY, MAYOR of the
CITY OF ELK GROVE

ATTEST:


JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN P. HOBBS
CITY ATTORNEY

EXHIBIT A

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT No. 2005-1
(LAGUNA RIDGE)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

Special Taxes applicable to each Assessor Parcel in CFD No. 2005-1 shall be levied and collected according to the tax liability determined by the City Council, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2005-1, unless exempted by law or by the provisions of Section G below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 2005-1 unless a separate Rate and Method of Apportionment of Special Taxes is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Acre” or “Acreage” means the land area of an Assessor Parcel as shown on an Assessor Parcel Map, or if the land area is not shown on an Assessor Parcel Map, the land area shown on the applicable Final Map or other parcel map recorded with the County.

“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.

“Active Adult Recreation Center Property” means the Parcel or Parcels on which the recreation center serving residents of the Age-Restricted Housing Property community is constructed.

“AC-Zoned Auto Mall Phase III Property” means:

- Until subdivision of the Parcel identified in Fiscal Year 2005-06 by Assessor’s Parcel number 132-1100-027, the portion of the Parcel with the Zoning Designation of Auto Commercial (AC) on the Tentative Map approved for the property on May 19, 2005.
- After subdivision of Parcel 132-1100-027, the Assessor’s Parcel(s) that result from such subdivision that were expected to have the Zoning Designation of Auto

Commercial (AC) based on the Tentative Map approved for the property on May 19, 2005.

“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. 2005-1 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 Auditor’s Office, Tax Collector’s Office, and/or Treasurer’s Office, 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 Rate and Method of Apportionment of Special Taxes.

“Age-Restricted Housing Property” means all Parcels of Single Family Property and For Sale Multi-Family Property which have a restriction recorded against title of the property that limits occupancy of Units built on the Parcel to residents above a certain age.

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

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

“Authorized Facilities” means those facilities that are authorized to be funded by CFD No. 2005-1.

“Authorized Services” means those services that are authorized to be funded by CFD No. 2005-1.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 2005-1 related to Authorized Facilities.

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

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

“CFD No. 2005-1” or **“CFD”** means the City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge).

“CFD Formation” means the date on which the Resolution of Formation to form CFD No. 2005-1 was adopted by the City Council.

“City” means the City of Elk Grove.

“City Council” means the City Council of the City of Elk Grove, acting as the legislative body of CFD No. 2005-1.

“County” means the County of Sacramento.

“Debt Service Coverage” means, in a particular year, the percentage determined by dividing the Maximum Special Tax revenues that can be collected in that year by the gross debt service due on all outstanding Bonds in that year.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a building permit for new construction was issued on or prior to May 1 of the preceding Fiscal Year but not prior to May 1, 2004. In any Fiscal Year, Developed Property shall also include any Parcel for which a written request has been submitted to the City on or prior to May 1 of the preceding Fiscal Year by the record owner of the Parcel requesting that the Parcel be designated as Developed Property beginning in that Fiscal Year even though a building permit has not yet been issued for construction on the Parcel.

“Development Class” means, individually, Developed Property, Final Map Property, Tentative Map Property, and Undeveloped Property.

“Expected Land Uses” means the total number of Units for Single Family Property, For Sale Multi-Family Property, and Age-Restricted Property; and acres for Rental Multi-Family Property and Non-Residential Property expected to be constructed within CFD No. 2005-1 at the time of the Final Bond Sale as determined by the Administrator.

“Expected Maximum Special Tax Revenue” means the amount of annual revenue that would be available if the Maximum Special Taxes were levied on the Expected Land Uses.

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

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest, including scheduled sinking fund payments, on Bonds, (ii) pay Administrative Expenses that have not been included in the Maintenance Special Tax Requirement for the Fiscal Year, (iii) to create or replenish reserve funds, (iv) to cure any delinquencies in the payment of principal or interest on Bonds 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 within CFD No. 2005-1 in the Fiscal Year in which the tax will be collected, and (v) to construct

or acquire Authorized Facilities. The amounts referred to in clauses (i) and (iii) 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 from the collection of penalties associated with delinquent Facilities Special Taxes within CFD No. 2005-1; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Bond Sale” means the last series of Bonds that will be issued on behalf of CFD No. 2005-1 (excluding any Bond refundings), as determined in the sole discretion of the City.

“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 lots that do not need to be further subdivided prior to issuance of a building permit for a residential or non-residential structure. The term “Final Map” shall not include an Assessor Parcel Map or subdivision map or portion thereof, that does not create lots that are in their final configuration, including Assessor Parcels that are designated as remainder parcels.

“Final Map Property” means, in any Fiscal Year, all Parcels in CFD No. 2005-1 for which a Final Map has been recorded prior to or on May 1 of any Fiscal Year, which are not yet Developed Property and which, based on the Zoning Designations for the Parcels, are not expected to be For Sale Multi-Family Property, Rental Multi-Family Property, Automall (as defined above) or Non-Residential Property when a building permit is issued.

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

“For Sale Multi-Family Property” means all Parcels of Developed Property in CFD No. 2005-1 for which a building permit has been issued for construction of a residential structure that will be a duplex, halfplex, triplex, or fourplex; and all Parcels of Developed Property for which a building permit has been issued for construction of a residential structure consisting of five or more Units that (i) share common walls, (ii) can be purchased by individual homebuyers, and (iii) have separate Assessor Parcel numbers assigned to each lot on which a Unit is or will be constructed. The City, in its sole discretion, shall determine if a Parcel is For Sale Multi-Family Property or Rental Multi-Family Property.

“Laguna Ridge Specific Plan” means the specific plan for development within the Laguna Ridge project in the City of Elk Grove.

“Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a building permit has been or will be issued for construction of a single family unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to the Tentative Map.

“Maintenance Special Tax” means a special tax levied in any Fiscal Year to pay the Maintenance Special Tax Requirement, as defined below.

“Maintenance Special Tax Requirement” means that amount necessary in any Fiscal Year to (i) pay for Authorized Services, (ii) pay Administrative Expenses that have not been included in the Facilities Special Tax Requirement for the Fiscal Year, and (iii) cure any delinquencies in the payment of Maintenance Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Annual Maintenance Special Taxes which have already taken place) are expected to occur within CFD No. 2005-1 in the current Fiscal Year.

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

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

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

“Minimum Debt Service Coverage” means the Debt Service Coverage which must be maintained or exceeded based on covenants within, and requirements of, the Bond Indenture.

“Non-Residential Property” means all Parcels of Developed Property in CFD No. 2005-1 that are not Single Family Property, Age-Restricted Housing Property, For Sale Multi-Family Property, Rental Multi-Family Property, AC-Zoned Auto Mall Phase III Property or SC-Zoned Auto Mall Phase III Property.

“Proportionately” means, for Developed Property and Final Map Property, that the ratio of the actual Facilities Special Tax and Maintenance Special Tax levied in any Fiscal Year to the Maximum Facilities Special Tax and Maximum Maintenance Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor Parcels of Developed Property and Final Map Property, respectively. For Undeveloped Property and Tentative Map Property, “Proportionately” means that the ratio of the actual Facilities Special Tax and actual Maintenance Facilities Special Tax to the Maximum Facilities Special Tax and Maximum Maintenance Special Tax is equal for all Assessor Parcels of Undeveloped Property and Tentative Map Property, respectively.

“Public Property” means any property within the boundaries of CFD No. 2005-1 that is owned by the federal government, State of California, County, City, or other public agency.

“Rental Multi-Family Property” means all Parcels of Developed Property in CFD No. 2005-1 for which a building permit has been issued for construction of a residential structure consisting of five or more Units that, (i) share common walls, (ii) are all offered or expected to be offered for rent to the general public, and (iii) do not have separate Assessor Parcel numbers assigned to each Unit. The City, in its sole discretion, shall determine if a Parcel is For Sale Multi-Family Property or Rental Multi-Family Property.

“SC-Zoned Auto Mall Phase III Property” means:

- Until subdivision of the Parcel identified in Fiscal Year 2005-06 by Assessor's Parcel number 132-1100-027, the portion of the Parcel with the Zoning Designation of Shopping Commercial (SC) on the Tentative Map approved for the property on May 19, 2005. For purposes of levying the Special Tax pursuant to Section E.2 below, the Administrator shall use 7.19 Acres as the amount of SC-Zoned Auto Mall Phase III Property on the Parcel, or
- After subdivision of Parcel 132-1100-027, the Assessor's Parcel(s) that result from such subdivision that were expected to have the Zoning Designation of Shopping Commercial (SC) based on the Tentative Map approved for the property on May 19, 2005.

“Single Family Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of an individual residential unit, including Parcels that have a second unit or granny flat constructed in addition to the primary single family detached unit.

“Special Taxes” means, collectively, the Facilities Special Tax and Maintenance Special Tax.

“Taxable Property” means all of the Assessor Parcels within CFD No. 2005-1 which are not exempt from the Special Tax pursuant to law or Section G below.

“Tentative Map” means a map that is made for the purpose of showing the design of a proposed subdivision and the conditions pertaining thereto and is not based on a detailed survey of the property within the map and is not recorded at the County Recorder's Office to create legal lots.

“Tentative Map Property” means all Parcels within CFD No. 2005-1 for which a Tentative Map has been approved by the City and which are not yet Final Map Property or Developed Property. Parcels expected to be Non-Residential Property, For Sale Multi-Family Property, Rental Multi-Family Property, AC-Zoned Auto Mall Phase III Property or SC-Zoned Auto Mall Phase III Property after issuance of a building permit shall be designated as Tentative Map Property until they become Developed Property, even if such Parcels are included in a Final Map.

“Undeveloped Property” means, in any Fiscal Year, all Parcels of Taxable Property within CFD No. 2005-1 that are not Developed Property, Final Map Property, or Tentative Map Property.

“Unit” means an individual single-family detached unit or an individual residential unit within a duplex, halfplex, triplex, fourplex, townhome, or condominium structure. A second unit or granny flat on a Parcel of Single Family Property shall not be considered an additional Unit for purposes of levying the Special Taxes.

“Zoning Designation” means, for a particular Parcel, the designation of zoning for the Parcel based on reference to the Laguna Ridge Specific Plan, Tentative Map, or as otherwise determined by the City.

B. DATA FOR ANNUAL ADMINISTRATION

On or about June 1 of each Fiscal Year, the Administrator shall identify the current Assessor Parcel numbers for all Parcels of Taxable Property in CFD No. 2005-1. The Administrator shall also determine: (i) whether each Assessor Parcel of Taxable Property is Developed Property, Final Map Property, Tentative Map Property, or Undeveloped Property; (ii) which Parcels are Single Family Property, Age-Restricted Housing Property, For Sale Multi-Family Property, Rental Multi-Family Property, AC-Zoned Auto Mall Phase III Property, SC-Zoned Auto Mall Phase III Property, and Non-Residential Property, (iii) for Single Family Property, the Zoning Designation for each Parcel, (iv) for For Sale Multi-Family Property, the number of Units within each building based on reference to the site plan, condominium plan, or other development plan, and (v) the Facilities Special Tax Requirement and Maintenance Special Tax Requirement.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in CFD No. 2005-1 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 Development Class than other parcels created by the subdivision, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAXES

Table 1 below identifies the Maximum Special Taxes for Developed Property and Undeveloped Property within CFD No. 2005-1:

Table 1**MAXIMUM FACILITIES SPECIAL TAX AND MAXIMUM MAINTENANCE SPECIAL TAX**

Land Use	Zoning Designation	Annual Facilities Special Tax FY 2006-07 /1	Annual Maintenance Special Tax FY 2006-07 /2
Age-Restricted Housing Property	N/A	\$1,000 per Unit	\$690 per Unit
Single Family Property	Densities less than RD8	\$1,500 per Unit (Developed) or per Lot (Final Map)	\$690 per Unit (Developed) or per Lot (Final Map)
Single Family Property	Densities RD8 through RD14	\$1,200 per Unit (Developed) or per Lot (Final Map)	\$690 per Unit (Developed) or per Lot (Final Map)
Single Family Property	Densities RD15 and above	\$1,000 per Unit (Developed) or per Lot (Final Map)	\$690 per Unit (Developed) or per Lot (Final Map)
For Sale Multi-Family Property	N/A	\$1,000 per Unit	\$690 per Unit
Rental Multi-Family Property	N/A	\$5,000 per Acre	\$3,800 per Acre
Non-Residential Property	N/A	\$5,000 per Acre	\$700 per Acre
SC-Zoned Auto Mall Phase III Property	N/A	N/A	\$700 per Acre
Tentative Map Property	N/A	\$7,400 per Acre	\$3,500 per Acre
Undeveloped Property	N/A	\$5,000 per Acre	\$3,500 per Acre

1. *Beginning in Fiscal Year 2007-08, and each Fiscal Year thereafter, the Maximum Facilities Special Tax assigned to each Parcel shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.*

2. *On each July 1, commencing on July 1, 2007, the Maximum Maintenance Special Tax shall be escalated by the increase, if any, in the Local Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2006 to April 2007.*

D. BACK-UP FORMULA

At the time of the Final Bond Sale, the Administrator shall identify the Expected Maximum Special Tax Revenues which shall be the amount used to determine the Debt Service Coverage when the final series of Bonds are issued. After the Final Bond Sale, the Administrator shall review Tentative Map revisions and other changes to the land uses within the CFD and compare the revised land uses to the Expected Land Uses to evaluate the impact on the Expected Maximum Special Tax Revenue. In addition, the Administrator shall review Final Maps to determine whether they reflect the number of lots that were anticipated in the Tentative Map.

If a change to the Expected Land Uses (a "Land Use/Entitlement Change") is proposed that would reduce the Debt Service Coverage below the Minimum Debt Service Coverage, one of the following must occur:

- (1) The landowner withdraws the request for the Land Use/Entitlement Change that was submitted to the City; **or**
- (2) Using the prepayment formula set forth in Section H below, the landowner requesting the Land Use/Entitlement Change prepays a portion of the Special Tax for the CFD in an amount that corresponds to the lost Maximum Special Tax revenue.

If the Land Use/Entitlement Change is approved, and a prepayment has not been received before July 1 of the following Fiscal Year to make up for the loss in Special Tax revenues, the amount of the required prepayment shall be (i) allocated on a per-acre basis and included on the next property tax bill for all Parcels of Taxable Property within the area affected by the Land Use/Entitlement Change, or (ii) allocated to one or more Parcels of Taxable Property that are owned by the same owner who processed the Land Use/Entitlement Change and reduced the Maximum Special Tax revenues. The City shall determine which means of allocation shall be applied, and the amount allocated to each Assessor Parcel shall be added to and, until paid, shall be a part of the Maximum Special Tax for those Assessor Parcels.

If multiple Land Use/Entitlement Changes are proposed at one time (which may include approval of multiple Final Maps at one time), the Administrator may consider the combined effect of all Land Use/Entitlement Changes to determine if there is a reduction in Expected Maximum Special Tax Revenue. If, based on this comprehensive analysis, the Administrator determines that there is a reduction in Expected Maximum Special Tax Revenue, **and all of the Land Use/Entitlement Changes are being proposed by the same land owner**, the Administrator shall determine the prepayment by analyzing the combined impact of all of the proposed Land Use/Entitlement Changes. Notwithstanding the foregoing, if the Administrator analyzes the combined impacts of multiple Land Use/Entitlement Changes, and the City subsequently does not approve one or more of the Land Use/Entitlement Changes that was proposed, the Administrator shall once again apply the three steps set forth above to determine the combined impact of those Land Use/Entitlement Changes that were approved simultaneously by the City.

If, based on the comprehensive analysis, the Administrator determines that there is a reduction in Expected Maximum Special Tax Revenue, **and the Land Use/Entitlement Changes are not all being proposed by the same landowner**, the Administrator shall consider the proposed Land Use/Entitlement Changes individually to determine the prepayment from each owner.

E. METHOD OF LEVY OF THE SPECIAL TAX

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement and a Facilities Special Tax shall be levied on all Parcels of Taxable Property in CFD No. 2005-1 as follows:

Step 1: The Facilities Special Tax shall be levied Proportionately on each Parcel of Developed Property within CFD No. 2005-1 up to 100% of the Maximum Facilities Special Tax for such Fiscal Year until the amount levied on Developed Property is equal to the Special Tax Requirement prior to applying any Capitalized Interest that is available in the CFD accounts;

Step 2: If additional revenue is needed after Step 1, and after applying Capitalized Interest to the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Assessor Parcel of Final Map Property within CFD No. 2005-1, up to 100% of the Maximum Annual Facilities Special Tax for Final Map Property 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 Parcel of

Tentative Map Property within CFD No. 2005-1, up to 100% of the Maximum Facilities Special Tax for Tentative Map Property for such Fiscal Year;

Step 4: If additional revenue is needed after Step 3, the Facilities Special Tax shall be levied Proportionately on each Assessor Parcel of Undeveloped Property within CFD No. 2005-1, up to 100% of the Maximum Facilities Special Tax for Undeveloped Property for such Fiscal Year.

2. Maintenance Special Tax

Each Fiscal Year, the Administrator shall determine the Maintenance Special Tax Requirement and a Maintenance Special Tax shall be levied on all Parcels of Taxable Property in CFD No. 2005-1 as follows:

Step 1: The Maintenance Special Tax shall be levied Proportionately on each Parcel of Developed Property within CFD No. 2005-1 up to 100% of the Maximum Maintenance Special Tax for such Fiscal Year;

Step 2: If additional revenue is needed after Step 1, the Maintenance Special Tax shall be levied Proportionately on each Assessor Parcel of Final Map Property within CFD No. 2005-1, up to 100% of the Maximum Maintenance Special Tax for Final Map Property for such Fiscal Year;

Step 3: If additional revenue is needed after Step 2, the Maintenance Special Tax shall be levied Proportionately on each Assessor Parcel of Tentative Map Property within CFD No. 2005-1 and SC-Zoned Auto Mall Phase III Property if such property has not yet become Developed Property, up to 100% of the Maximum Maintenance Special Tax for Tentative Map Property and SC-Zoned Auto Mall Phase III Property for such Fiscal Year;

F. COLLECTION OF SPECIAL TAXES

The Special Taxes 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 H 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 be levied after Fiscal Year 2050-51. The Maintenance Special Tax shall be levied in perpetuity. 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.

G. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Taxes, no Special Taxes shall be levied on Public Property, as defined herein, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act. In addition, no Special Taxes shall be levied on the AC-Zoned Auto Mall Phase III Property or on up to four acres of Active Adult Recreation Center Property. If there are more than four acres of Active Adult Recreation Center Property, the excess acreage shall be taxed as Non-Residential Property unless the City determines that one of the residential Special Tax categories is more appropriate based on other uses on the Parcel. Finally, no Facilities Special Tax shall be levied in any Fiscal Year on the SC-Zoned Auto Mall Phase III Property.

H. PREPAYMENT OF THE FACILITIES SPECIAL TAX

The following definitions apply to this Section H:

“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 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 CFD No. 2005-1 prior to the date of prepayment.

“Public Facilities Requirements” means either \$99,900,000 in 2006 dollars, which shall increase on January 1, 2007, 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 as sufficient to fund Authorized Facilities. The Public Facilities Requirements shown above shall be adjusted or a separate Public

Facilities Requirements identified each time property annexes into CFD No. 2005-1; at no time shall the added Public Facilities Requirement for the annexation area exceed the amount of public improvement costs that are expected to be supportable by the Maximum Facilities Special Tax generated within that annexation area.

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

The Facilities Special Tax obligation applicable to an Assessor Parcel in the CFD may be prepaid and the obligation of the Assessor Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Facilities Special Taxes with respect to such Assessor Parcel at the time of prepayment. The Maintenance Special Tax may not be prepaid. An owner of an Assessor Parcel intending to prepay the Facilities Special Tax obligation shall provide the City with written notice of intent to prepay. 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 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 Facilities 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.** Compute the Maximum Facilities Special Tax that could be collected from the Assessor Parcel prepaying the Facilities Special Tax by assuming that the Parcel is fully developed in the Fiscal Year that prepayment would be received by the City.
- Step 2.** Divide the Maximum Facilities Special Tax from Step 1 by the Maximum Special Tax Revenues that are expected at buildout of land uses within the CFD.
- 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 Annual Facilities 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"*).

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportionment of Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. The City may make interpretations by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Taxes.

EXHIBIT B

**NOTICE OF PUBLIC HEARING ON RESOLUTION OF INTENTION TO ANNEX
TERRITORY TO AN EXISTING COMMUNITY FACILITIES DISTRICT**

NOTICE IS HEREBY GIVEN that the City Council of the City of Elk Grove on June 14, 2017, adopted its Resolution No. 2017-_____, in which it declared its intention to annex territory to existing Community Facilities District No. 2005-1 (Laguna Ridge) (the "CFD"), and to levy a special tax to pay for certain facilities and services, all pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code. The resolution describes the territory to be annexed, specifies the type of services to be financed, and describes the rate and method of apportionment of the proposed special tax. No change in the tax levied in the existing CFD is proposed. For further details, the resolution is available at the office of the City Clerk, 8401 Laguna Palms Way, Elk Grove, California.

NOTICE IS HEREBY FURTHER GIVEN that the City Council has fixed **Wednesday, July 26, 2017**, at the hour of **6:00 p.m.** or as soon thereafter as the matter may be heard, at the regular meeting place of the City Council, Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place when and where the City Council will hold a public hearing to consider the annexation. At the hearing, the testimony of all interested persons for or against the annexation of the territory or the levying of the special taxes will be heard.

DATED: _____, 2017

Jason Lindgren, City Clerk,
City of Elk Grove

EXHIBIT C

OFFICIAL BALLOT

**SPECIAL TAX ELECTION
CITY OF ELK GROVE
ANNEXATION OF TERRITORY TO COMMUNITY FACILITIES DISTRICT
NO. 2005-1 (LAGUNA RIDGE)
(ANNEXATION NO. 7)
(July 26, 2017)**

Number of votes entitled to cast: 460

INSTRUCTIONS TO VOTERS: To vote on the measure, mark an (X) in the voting square after the word "YES" or after the word "NO." All marks otherwise made are forbidden. All distinguishing marks are forbidden and make the ballot void.

If you wrongly mark, tear or deface this ballot, return it to the City Clerk, City of Elk Grove, 8401 Laguna Palms Way, Elk Grove, California 95758, to obtain another.

MEASURE SUBMITTED TO QUALIFIED ELECTORS

<p>Ballot Measure: Shall the City of Elk Grove be authorized to levy a special tax at the rates and apportioned as described in Exhibit A to the Resolution Declaring its Intention to Annex Territory to Community Facilities District No. 2005-1 (Laguna Ridge) adopted by the City Council on June 14, 2017 (the "Resolution"), which is incorporated herein by this reference, within the territory identified on the map entitled "Annexation Map No. 7 of Community Facilities District No. 2005-1 (Laguna Ridge), City of Elk Grove, County of Sacramento," to finance certain services as set forth in Section 3 to the Resolution?</p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
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NOTE: This is a special landowner election. You must return this ballot to the City Clerk, City of Elk Grove, either (i) to his office at City Hall, 8401 Laguna Palms Way, Elk Grove, California 95758, by 4:00 p.m. on July 26, 2017 or (ii) thereafter, to the regular meeting place of the Council at 8400 Laguna Palms Way on July 26, 2017, by five minutes following the adoption of the resolution calling the election (the City Council meeting convenes at 6:00 p.m. on July 26, 2017).

EXHIBIT D

APPLICATION FEE FORM FOR ANNEXATION INTO THE CITY OF ELK GROVE'S COMMUNITY FACILITIES DISTRICT NO. 2005-1 LAGUNA RIDGE

The application fee to annex into Community Facilities District (CFD) No. 2005-1 Laguna Ridge is:

- Residential projects: \$70 per unit, up to a maximum of \$7,000 per project.
- Non-residential projects: \$280 per acre, up to a maximum of \$7,000 per project.
- Mixed use projects: \$70 per unit for the residential portion, plus \$280 per acre for the non-residential portion, up to a maximum of \$7,000 per project.

Date Submitted: 5/19/17 Date of Public Hearing: 6/29/17

List the Landowner's name as it would appear on the title of the property as of the date of the Public Hearing: VTL Sterling Meadows LLC

Name of Project: Sterling Meadows APN (s): 132-2390-010, 011, 014, Unit 1A, 1B, 1C, 1D, 1E, and 1F 015, 016 and 017

Number of New Residential Units in Project (exclude non-buildable lots and lots with existing homes built prior to January 1, 2006): ~~380 (79 RD-15)~~
460 (189 RD-15)

Total Application Fee Amount: \$ 7,000

Landowner Contact Information

Landowner's Rep. Contact Information

Name: Derek Spalding

Name: SAME

Phone Number: [REDACTED]

Phone Number:

Street Address: [REDACTED]

Street Address:

Email Address: [REDACTED]

Email Address:

The Election Ballot to be signed by the Landowner will be mailed to (circle one):

Landowner

Landowner Representative

The Application Fee payment may be made at the cashier window in the lobby at 8401 Laguna Palms Way in Elk Grove, or may be mailed to:

City of Elk Grove
ATT: Nathan Bagwill
8401 Laguna Palms Way
Elk Grove, CA 95758

Accounting Use Only

Date Funds received:
Account Code: 344-0000-325.01-00
Special Instructions: Notify Nathan Bagwill in Finance at extension 3424 that funds were received

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2017-126

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

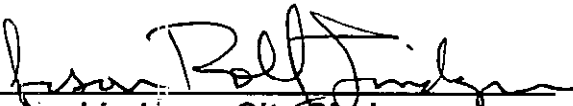
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 14, 2017 by the following vote:

AYES: **COUNCILMEMBERS:** *Ly, Detrick, Hume, Nguyen, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN: **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



Jason Lindgren, City Clerk
City of Elk Grove, California