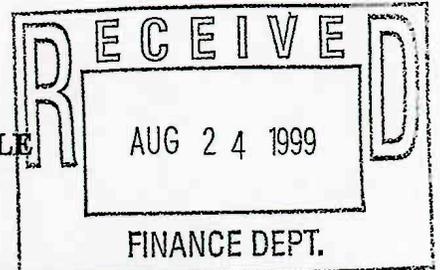


CITY COUNCIL OF THE CITY OF ROSEVILLE



RESOLUTION NO. 99-350

**RESOLUTION OF FORMATION OF COMMUNITY FACILITIES DISTRICT
AND TO LEVY A SPECIAL TAX IN
HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1**

The City Council of the City of Roseville (the "City") resolves:

1. Reference is made to Resolutions No. 99-142, No. 99-143 and No. 99-144 of this City Council adopted May 12, 1999 and Resolutions No. 99-224 and No. 99-225 of this City Council adopted June 23, 1999 for the preliminary scope of the project and financing contemplated by these proceedings.
2. This City Council has conducted the public hearing set by Resolution No. 99-303 and determines that a majority protest under Section 53324 of the Government Code was not made at the hearing.
3. There is hereby formed a community facilities district by the City of Roseville under the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the "Act").
4. The name of the community facilities district is "Highland Reserve North Community Facilities District No. 1, City of Roseville, Placer County, California" (the "District").
5. The types of public facilities proposed to be provided within the District are set forth on Exhibit A attached to this Resolution. The types of incidental expenses proposed to be incurred by the District are set forth in Exhibit B attached to this Resolution. The City Council hereby finds that these facilities and incidental expenses are necessitated by new development occurring or anticipated within the District.
6. The office of the Director of Finance of the City of Roseville, 311 Vernon Street, Roseville, California 95678 (916-774-5319) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, estimating future special tax levies and for establishing procedures to promptly respond to inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Director of Finance.
7. Except where funds are otherwise available, a special tax sufficient to pay for all such facilities and incidental expenses will be annually levied within the District. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property within the District, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the special tax lien is canceled in accordance with law or until collection of the special tax by the legislative body of the City ceases. The rate and method of apportionment of the special tax is set forth in Exhibit C attached to this Resolution.
8. The boundaries of the District are shown on proposed boundary map on file with the City Clerk, which was approved by our Resolution No. 99-143 adopted May 12, 1999 and filed for

record on May 27, 1999 in the Office of the County Recorder of the County of Placer as Document No. 994798 and in Book 3, at Page 15 of the Maps of Assessment and Community Facilities District.

9. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the District, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

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

11. The special tax will be collected and enforced as a separate line item on the regular property tax bill. However, this City Council reserves the right, under Section 53340, to utilize any method of collecting the special tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing. In particular, the City may bill the 1999-2000 special taxes directly, and not post those taxes to the regular, secured property tax roll. The procedure for collection in any case when the City chooses to collect the special tax through direct billing shall be as follows:

After levy by the City Council, whether pursuant to authorizing ordinance or annual resolution, the City Director of Finance shall prepare and send to the property owners by first class U.S. Mail, at their addresses as shown on the last equalized assessment roll, a tax bill substantially in the form shown in Exhibit D, hereto, which shall specify the amount due, give instructions for payment to the City Director of Finance, state (as is hereby authorized and provided) that the first installment of the special tax (50% of the annual special tax shall be payable in each installment) shall be delinquent if not received by the City Director of Finance by the close of business on the next succeeding December 10, and the second installment shall be delinquent if not paid by the City Director of Finance by the close of business on the next succeeding April 10, shall specify (as is hereby authorized and provided) that all delinquencies shall incur an immediate 10% penalty, and an additional 1½% penalty on the first day of each month beginning with the next succeeding July 1, and shall specify (as is hereby authorized and provided) that delinquencies are subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

The City Council, as an alternative enforcement mechanism, may by resolution elect to place delinquent special taxes on the next secured property tax roll. In such event, attorneys' fees and costs to date in any foreclosure action, and penalties on the delinquency through the following December 1, may be included in the amount to be placed on the roll. Both remedies may be pursued simultaneously, but if the property owner pays the regular property tax bill for the subsequent year, including the delinquent special tax posted to that bill, the foreclosure action may thereafter be pursued solely for attorneys' fees and costs incurred subsequent to the posting of the delinquent special tax on the secured roll.

12. This City Council hereby establishes the annual appropriations limit of the District at an amount equal to the maximum annual special tax for the 2000-2001 fiscal year.

13. Based upon the Certificate of Engineer heretofore filed with this City Council, the qualified electors for the election to be held in these proceedings shall be the landowners owning land within the District. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

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

* * * * *

I hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the 18th day of August, 1999 by the following vote of the City Council:

AYES:	Councilmembers	Earl Rush, Dan Goodhall, Claudia Gamar, Randolph Graham, Harry Crabb
NOES:	Councilmembers	None
ABSTAIN:	Councilmembers	None
ABSENT:	Councilmembers	None



Mayor

ATTEST:

 ASSISTANT
 City Clerk of the City of Roseville

- EXHIBIT A - CFD Improvements
- EXHIBIT B - Incidental Expenses and Bond Issuance Costs
- EXHIBIT C - Rate and Method of Apportionment
- EXHIBIT D - Form of Special Tax Bill

EXHIBIT A

Highland Reserve North 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:

- Stanford Ranch Road widening;
- Fairway Drive construction;
- Central Park Drive construction;
- Highland Drive construction;
- Pleasant Grove Boulevard construction;
- Pleasant Grove Interchange contribution;
- Other public roadway improvement required to meet the needs of the project.

Eligible roadway improvements include; purchase of right of way; roadway design; project management; bridge crossings, grading and paving; joint trenches and underground utilities; curbs, gutters, and sidewalks; street lights (including reimbursements to the City) and signalization; signs and striping; and median and parkway landscaping related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development within Highland Reserve North CFD No. 1. These facilities include sewer transmission lines and related wastewater system improvements.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development within Highland Reserve North CFD No. 1. These facilities include water distribution facilities including fire hydrants, and related water system improvements; pressure reducing stations, and flow meters.

Drainage System Improvements

Authorized facilities include any and all drainage and storm sewer improvements designed to serve the needs of development within the CFD including, but not limited to pipelines and appurtenances, temporary drainage facilities, detention basins, and drainage pretreatment facilities.

School Site Purchase

Authorized facilities include the purchase of the elementary school site with the Highland Reserve North Specific Plan, including all costs related to such purchase.

Park Improvements

Authorized facilities include any and all improvements to park facilities located in the Highland Reserve North Specific Plan, including acquisition of property and the design and construction thereof.

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); construction staking; utility relocation and demolition costs incident to the construction of the public facilities, cost 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 Highland Reserve Project; and any other expenses incidental to the construction, completion, and inspection of the facilities.

EXHIBIT B

INCIDENTAL EXPENSES AND BOND ISSUANCE COSTS

HIGHLAND RESERVE NORTH COMMUNITY FACILITIES DISTRICT NO. 1 CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA

It is anticipated that the following incidental expenses may be incurred in the proposed financing:

- Engineering services
- Special tax consultant services
- City review and administration
- Bond counsel services
- Bond counsel out of pocket expenses
- Independent financial advisor services
- Appraiser services
- Initial bond transfer agent, fiscal agent, registrar and paying agent fees
- Rebate calculation service set up charge
- Bond printing
- Offering memorandum printing and mailing costs
- Publishing, mailing and posting of notices
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Bond syndication costs
- Governmental notification and filing costs
- Credit enhancement costs
- Real estate acquisition costs
- Special disclosure counsel
- Rating agency fees

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

- Annual bond transfer agent, fiscal agent, registrar and paying agent fees
- Annual rebate calculation costs
- Special tax consultant costs
- Other necessary consultant costs
- Costs of posting and collecting the special taxes
- Personnel costs of the City
- Arbitrage rebate
- Rating agency fees

EXHIBIT C

CITY OF ROSEVILLE Highland Reserve North COMMUNITY FACILITIES DISTRICT NO. 1

RATE AND METHOD OF APPORTIONMENT SPECIAL TAX

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 Highland Reserve North 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 Construction Proceeds" means \$27,300,000 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.

"Bond Indenture" means the indenture or other financing document pursuant to which the bonds are issued.

"Bond Share" means the Benefit Share for a Parcel multiplied by the applicable total of Outstanding Bonds.

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

"CFD" means the Highland Reserve North Community Facilities District No. 1 of the City of Roseville.

"City" means the City of Roseville, California.

"Council" means the City Council of the City of Roseville as the legislative body for the CFD under the Act.

"County" means the County of Placer, California.

"County Assessor's Parcel" means the parcel number as recorded by the County Assessor on the equalized tax roll.

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

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

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

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Full Prepayment" 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.

"HRN" means the Highland Reserve North Specific Plan.

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

"Maximum Special Tax" 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.

"Maximum CFD Revenue" means the sum of the Maximum Special Tax for all of the Taxable Parcels in the CFD.

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"Original Parcel" means a Specific Plan Parcel as it existed at the time of the adoption of the Resolution of Formation by the Council, as shown on Attachment 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.

"Specific Plan Parcel" means the planned Parcels by land use in the HRN. The Original Parcels are all Specific Plan Parcels at the formation of the CFD as detailed on Attachment 1 and shown on Attachment 2.

"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, 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 Construction Proceeds for the CFD.

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.

3. 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 2034-2035.

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.

4. ASSIGNMENT OF MAXIMUM SPECIAL TAXES

By August 1 of each Fiscal Year, using the Definitions from Section 2 and the Maximum Special Tax rates 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) Prior to Recording Large-Lot Subdivision Map -- The Maximum Special Tax for a Parcel that includes more than one Specific Plan Parcel shall be determined by summing the Maximum Special Tax for each Specific Plan Parcel included in the Parcel. If portions of a Specific Plan Parcel are included in more than one Parcel, the Maximum Special Tax for the Specific Plan Parcel shall be divided between the Parcel's it is included in proportional to the land area included in each Parcel.
 - b) 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.
 - c) Original Parcel - the Maximum Special Tax for each Original Parcel is as shown on Attachment 1.
 - d) 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.
 - (ii) If the Successor Parcel is the result of a non-residential or multi-family Subdivision, or a single-family residential Subdivision that is not creating final residential lots:

- calculate the percentage of the taxable Successor Parcel's square footage to the total square footage for all taxable Successor Parcels of that Original or Successor Parcel; then,
 - multiply this percentage by the Maximum Special Tax assigned to the previous Original Parcel or Successor Parcel. The result of this calculation is the Maximum Special Tax.
- e) Residential Unit/Maximum Special Tax Transfer - the Maximum Special Tax assigned to a residential Parcel under (a), (b), (c), or (d) 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 are agreed to in writing by the affected property owners and the Finance Director.
- f) If the assignment of Maximum Special Taxes to Successor Parcels under step d) above or through a transfer of Maximum Special Tax in step e) above results in unequal Maximum Special Taxes between residential Subdivisions, 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 e) above.
- g) 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

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acre for Parcels with similar land use designations, as determined by the Finance Director.

- h) 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.
- 1) 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 HRN 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.

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:

- The Parcel is a whole Original Parcel greater than one acre or a Successor Parcel greater than ten acres.
- 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 in Part A and B below. The Partial Prepayment is calculated by following the steps in Part C below. Transfers from the Reserve Fund for a Full or Partial Prepayment are described in Part D 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.

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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 Construction Proceeds.

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 D.1: 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
Highland Reserve North CFD No. 1
Maximum Special Taxes
By Specific Plan Parcel

Specific Plan Parcel [1]	Residential Units	Maximum Special Tax
1A	79	\$103,332
1B	108	\$141,264
2	151	\$197,508
3A	44	\$57,552
3B	89	\$116,412
4	135	\$176,580
5	65	\$85,020
6	83	\$108,564
7	96	\$125,568
8	94	\$122,952
9A	104	\$136,032
9B	50	\$65,400
10	85	\$111,180
20	117	\$126,360
30	250	\$126,000
31	220	\$110,880
40		\$93,522
41		\$81,774
42A		\$120,516
42B		\$24,750
43A		\$135,960
43B		\$6,600
44		\$26,136
45A		\$11,577
45B		\$101,838
46A		\$63,162
46B		\$71,148
46C		\$108,438
47A		\$62,304
47B		\$62,700
47C		\$61,908
Total	1,770	\$2,942,937

"attachment1"

[1] All Taxable Parcels were included in Assessor's Parcel 071-121-30 at the time of CFD formation.

EXHIBIT D

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 1
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

To: _____

RE: PROPERTY AT _____

APN: _____

TAX: \$ _____
First Installment: \$ _____
Second Installment: \$ _____

Reference is made to Paragraph 11 of the City of Roseville's Resolution of Formation of the above-referenced Community Facilities District, and the Notice of Special Tax Lien recorded in the Office of the County Recorder of Placer County on _____, 1999 under Recorder's Document Number _____ (copies of which are available from the Roseville City Clerk), which set forth the authority for this Special Tax.

A Special Tax has been levied on the above-referenced parcel in the amount shown above by Ordinance No. _____, adopted _____, 1999, [as implemented by Resolution No. _____, adopted _____, 1999] of the City of Roseville (the "City").

THIS TAX IS NOW DUE AND PAYABLE

Checks should be made payable to: **Director of Finance, City of Roseville** and mailed to:

Director of Finance, City of Roseville
Highland Reserve North CFD No. 1 Special Tax
311 Vernon Street
Roseville, CA 95678

or the bill may be paid in person at the same location.

The amounts which must be paid to avoid incurring penalties and additional costs is shown above. The **FIRST INSTALLMENT** of this Special Tax will be delinquent if not paid by December 10, _____. The **SECOND INSTALLMENT** of this Special Tax will be delinquent if not paid by April 10, _____. All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, _____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Dated: _____

DIRECTOR OF FINANCE

KEEP THIS PORTION OF THE BILL FOR YOUR RECORDS

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

Res 99-350
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First Installment

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 1
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

To: _____

RE: PROPERTY AT _____

APN: _____

ANNUAL TAX: \$ _____

FIRST INSTALLMENT: \$ _____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by December 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, _____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Checks should be made payable to: **Director of Finance, City of Roseville** and mailed to:

Director of Finance, City of Roseville
Highland Reserve North CFD No. 1 Special Tax
311 Vernon Street
Roseville, CA 95678

or the bill may be paid in person at the same location.

Please write the parcel number (APN) on your check.

PLEASE RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

Second Installment

SPECIAL TAX BILL

COMMUNITY FACILITIES DISTRICT NO. 1
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

To: _____

RE: PROPERTY AT _____

APN: _____

ANNUAL TAX: \$ _____

SECOND INSTALLMENT: \$ _____

The amount which must be paid to avoid incurring penalties and additional costs is shown above. **This Special Tax will be delinquent if not paid by April 10, ____.** All delinquencies incur an immediate 10% penalty and an additional 1½% penalty on the first day of each month beginning July 1, _____. Delinquencies are also subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

Checks should be made payable to: **Director of Finance, City of Roseville** and mailed to:

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Please write the parcel number (APN) on your check.