

ECONOMIC AND PLANNING SYSTEMS

FINAL REPORT

CITY OF ROSEVILLE NORTHEAST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 2 FINANCING PLAN

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Spink Corporation
Bear, Stearns & Co., Inc.

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#899

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I. INTRODUCTION

This report describes the implementation of the City of Roseville, Northeast Roseville Community Facilities District No. 2 ("CFD No 2"). CFD No. 2 will fund the acquisition of public improvements included in, but not fully financed by, the Northeast Roseville CFD No. 1 ("CFD No. 1") as well as acquisition or construction of additional public facilities not included in CFD No. 1.

This report discusses the territory to be included in CFD No. 2, the facilities to be acquired or constructed, the bond issue assumptions, the structure of the proposed CFD No. 2, and the maximum annual special tax rates. The CFD No. 2 will fund the acquisition of approximately \$12 million in public infrastructure.

Chapter II provides background on the land uses within CFD No. 2 and the facilities to be acquired or constructed. Chapter III presents the proposed bond issue and the maximum annual special tax calculation and allocation. Chapter IV describes the structure of the proposed Community Facilities District.

Bear, Stearns & Co. Inc. estimated the special tax bond requirements and the revenue requirements to service the bond issues and administer CFD No. 2. The Spink Corporation allocated the cost of CFD No. 2 facilities to parcels within the District's boundaries. Economic and Planning Systems, Inc. developed the special tax formula for CFD No. 2.

II. LAND USE AND ELIGIBLE FACILITIES

Land Use

CFD No. 2 contains approximately 461 acres and is currently divided into 16 parcels. Proposed land uses within CFD No. 2 includes 99.88 acres for single- and multi-family residential development, 181.11 acres for commercial development, and 180.39 acres for office development. Figures 1A and 1B show CFD No. 2 parcel numbers and Assessor Parcel Numbers, respectively. Figure 2 shows the land use and acreage for each of these parcels.

Facilities to be Acquired

In order for development to move forward in the Northeast Roseville Specific Plan area, a series of public infrastructure improvements were necessary. Some of these improvements were funded in part with proceeds from CFD No. 1 bond sales. To the extent that CFD No. 1 bond sales did not fully fund these facilities, funding was provided by landowners within CFD No. 2. In addition to these facilities, an impact fee was created to fund other public improvements in the Northeast Roseville Specific Plan area. That fee was never collected; therefore, proceeds from CFD No. 2 bond sales will fund these improvements also. The following list summarizes the public infrastructure facilities to be acquired with funds from CFD No. 2. A full listing of the authorized facilities is included as part of the CFD No. 2 Resolution of Formation.

Facilities Authorized for Construction or Acquisition Under CFD No. 2:

- Roads, together with related paving, curbs, sidewalks, gutters, median facilities, landscaped corridors, traffic signals, irrigation facilities and street lights;
- Storm water collection and drainage systems;
- Domestic water distribution systems;
- Sewer collection systems and outfall facility improvements;
- Electrical substation and delivery facilities;
- Natural gas facilities;
- Cable television facilities;
- Bridge facings;

- Granite entryway monuments, together with related landscaping, irrigation, hardscape, special street materials and other related or necessary appurtenances;
- Sculpture park with sculptures, together with related landscaping, irrigation, hardscape, bicycle/pedestrian paths and other related or necessary appurtenances.

The total cost of the facilities to be acquired or constructed is \$12,000,191.

Cost Allocation

The Spink Corporation allocated the cost of these facilities to the parcels within CFD No. 2 based the amount of benefit each parcel would receive from the facilities. Figure 3 shows each parcel's cost allocation.

Figure 1A
PROPOSED BOUNDARY OF
NORTHEAST ROSEVILLE COMMUNITY
FACILITIES DISTRICT NO. 2
(CFD Parcel Numbers)

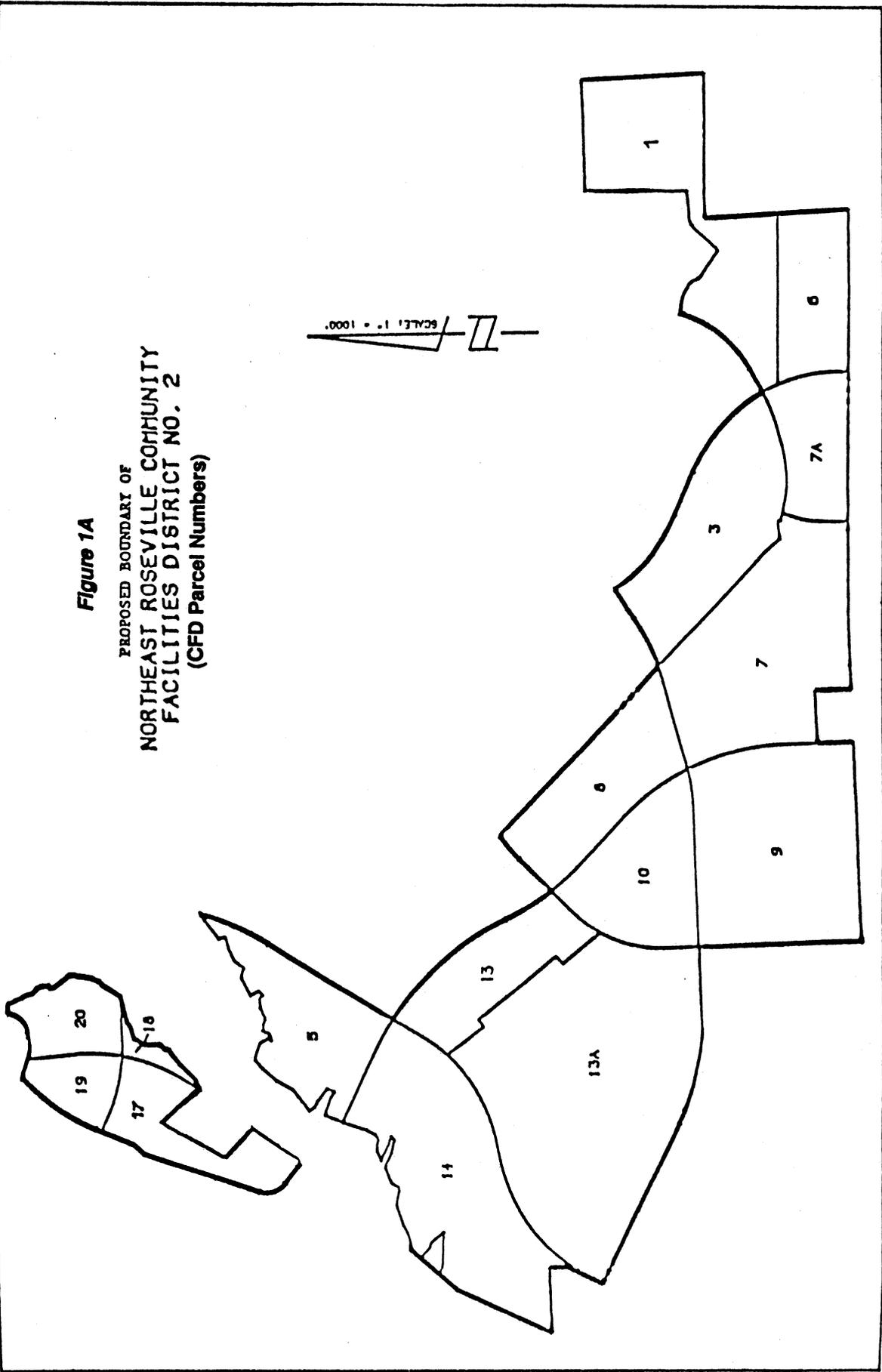


Figure 2
Northeast Roseville Community Facilities District No. 2
Land Use and Acreage

Original Taxable Parcel (1)	Original Parcel APNs (2)	Land Use	Acres
1	048-020-060	Single-Family Residential R-5.5	43.617
3	048-020-070	Multi-Family Residential R-9	32.987
5	015-450-005	Multi-Family Residential R-9	23.276
		Subtotal Residential	99.880
6	048-020-053	Business/Professional	18.080
7	048-010-032	Business/Professional	50.514
	048-020-069		
7A	048-020-067 & 068	Business/Professional	14.991
8	048-010-034	Business/Professional	25.287
9	048-010-030	Business/Professional	49.495
10	048-010-035	Business/Professional	22.021
		Subtotal Business/Professional	180.388
13	048-450-021 & 022	Commercial	20.108
13A	048-450-023 to 037	Auto Mall	80.800
14	048-450-016	Commercial	48.567
17	015-450-011	Highway Commercial	14.813
18	015-450-010	Highway Commercial	1.100
19	015-450-008	Highway Commercial	6.486
20	015-450-009	Highway Commercial	9.234
		Subtotal Commercial	181.108
Totals			461.376

acres

(1) As shown in Figure 1A.

(2) As shown in Figure 1B.

Figure 3
Northeast Roseville Community Facilities District No. 2
Cost Allocation

Original Parcel No.	Land Use	CFD NO. 2 Cost Allocation	Percent of Total
1	Single-Family Residential R-5.5	\$148,905	1.24%
3	Multi-Family Residential R-9	\$246,382	2.05%
5	Multi-Family Residential R-9	\$176,702	1.47%
6	Business/Professional	\$531,304	4.43%
7	Business/Professional	\$1,470,680	12.26%
7A	Business/Professional	\$435,475	3.63%
8	Business/Professional	\$722,082	6.02%
9	Business/Professional	\$1,413,977	11.78%
10	Business/Professional	\$695,424	5.80%
13	Commercial	\$765,647	6.38%
13A	Auto Mall	\$1,993,148	16.61%
14	Commercial	\$1,970,348	16.42%
17	Highway Commercial	\$731,769	6.10%
18	Highway Commercial	\$63,533	0.53%
19	Highway Commercial	\$267,083	2.23%
20	Highway Commercial	\$367,730	3.06%
Totals		\$12,000,191	100.00%

"RW_Allocation"

Source: Spink Corporation and AKT Developments

III. PROPOSED BOND ISSUE AND MAXIMUM ANNUAL SPECIAL TAX

Bond Issue Description

The total cost of public infrastructure improvements to be acquired with CFD No. 2 bond proceeds is \$12,000,191. The funds will be obtained through bonds scheduled to be issued in March 1991. Bear Stearns & Co. Inc. has estimated that approximately \$14.8 million in bonds are required to obtain the necessary proceeds. Figure 4 provides detailed estimates of the bond size elements for the proposed bond issue. The total bond size presented includes acquisition proceeds, bond issuance costs, a bond reserve fund, and 11 months of capitalized interest. The bond authorization for CFD No. 2 has been set at \$16 million.

Maximum Annual Special Tax Requirement

Payments of interest and principle for the proposed bond issue will be funded through the collection of special taxes levied against the property within CFD No. 2. The annual revenue requirement of the special tax is actually comprised of three components. The first component is the debt service on the bonds, which is the annual payments of interest and principle to the bond holders. The second component is the annual cost of administering the CFD. The third component is a provision for tax delinquencies. Because some taxpayers may not pay their tax bills promptly, the allowance for delinquencies has been included to ensure that adequate revenue will be collected from the special tax to provide the full amount necessary for debt service and annual administrative expenses.

Figure 5 summarizes the bond issue assumptions and shows the maximum annual revenue needed from the special tax. Figure 6 shows the three components of the annual special tax: debt service, administrative costs, and coverage for delinquencies for each fiscal year from 1991 through 2020. The maximum revenue requirement, reached in year 2019, is less than the maximum annual special tax due to the use of the maximum net debt service and maximum city administration costs from different years. This difference is \$1,680.

Maximum Annual Special Tax Allocation

The maximum annual special tax was allocated to each parcel based on the CFD No. 2 facility cost allocation done by the Spink Corp. Each parcel's maximum annual special tax and cost allocation is shown in Figure 7. The maximum annual tax for each parcel was calculated by multiplying the total maximum annual special tax by the percentage share of each parcel's facility costs as shown in the last column of Figure 7.

In addition to the CFD No. 2 special tax, parcels within CFD No. 2 are subject to the CFD No. 1 maximum special tax. Figure 8 shows these estimated special taxes based on land use and the total potential maximum annual special tax requirement for each parcel in CFD No. 2.

Figure 4
Northeast Roseville Community Facilities District No. 2
Estimated Bond Size

Cost Item	Assumptions	Total For CFD NO. 2
BOND PROCEEDS		\$12,000,191
UNDERWRITER DISCOUNT	1.80%	\$266,670
PROFESSIONAL SERVICES		
Bond Counsel		\$133,100
Tax Rate Consultant		\$10,000
Appraisal		\$25,000
Financial Advisor		\$10,000
City Administration		\$10,000
Official Statement Printing		\$18,000
Paying Agent		\$3,500
Bond Printing		\$5,000
Election		\$5,000
City Administration During Cap. Interest Period		\$50,000
Contingency		\$9,975
Subtotal Bond Issuance Costs		\$279,575
BOND RESERVE FUND		\$1,421,080
CAPITALIZED INTEREST	11 months	\$846,713
TOTAL BOND SIZE		\$14,815,000

"Bond_Size"

Source: Bear, Stearns & Co. Inc.

Figure 5
Northeast Roseville Community Facilities District No. 2
Estimated Bond Size and Maximum Revenue Requirement

Bond Size	
Proceeds	\$12,000,191
Bond Reserve Fund	\$1,421,080
Bond Issuance Costs	\$279,575
Capitalized Interest	\$846,713
Underwriter Discount	\$266,670
Contingency	\$771
Total Bond Size	\$14,815,000

Components of Annual Revenue Requirement

Maximum Annual Debt Service (1)	\$1,321,604
Maximum CFD Administrative Cost (2)	\$45,284
Coverage Factor For Delinquencies (3)	\$136,689
Maximum Annual Revenue Requirement Needed From Special Tax	\$1,503,577

"bond_summary"

Notes:

- (1) Principal and interest less earnings on the reserve fund
- (2) CFD Administrative cost estimated at \$25,000 in 1990 and will inflate 2% per year
- (3) Delinquency coverage is 10% of net debt service and CFD administrative costs

Figure 6
Northeast Roseville Community Facilities District No. 2
Estimated Annual Revenue Requirement

Fiscal Year Ending	Net Debt Service (1)	Administrative Expenses (Inflated @ 2%)	Coverage For Tax Delinquencies (10%) (2)	Total Revenue Needed
1991	\$0	\$0	\$0	\$0
1992	\$1,271,504	\$26,010	\$129,751	\$1,427,266
1993	\$1,317,009	\$26,530	\$134,354	\$1,477,894
1994	\$1,321,569	\$27,061	\$134,863	\$1,483,493
1995	\$1,319,889	\$27,602	\$134,749	\$1,482,241
1996	\$1,317,309	\$28,154	\$134,546	\$1,480,010
1997	\$1,318,629	\$28,717	\$134,735	\$1,482,081
1998	\$1,318,419	\$29,291	\$134,771	\$1,482,482
1999	\$1,316,619	\$29,877	\$134,650	\$1,481,146
2000	\$1,318,169	\$30,475	\$134,864	\$1,483,509
2001	\$1,317,712	\$31,084	\$134,880	\$1,483,676
2002	\$1,320,319	\$31,706	\$135,203	\$1,487,228
2003	\$1,320,669	\$32,340	\$135,301	\$1,488,311
2004	\$1,318,737	\$32,987	\$135,172	\$1,486,896
2005	\$1,319,497	\$33,647	\$135,314	\$1,488,458
2006	\$1,317,492	\$34,320	\$135,181	\$1,486,993
2007	\$1,317,492	\$35,006	\$135,250	\$1,487,748
2008	\$1,319,429	\$35,706	\$135,514	\$1,490,649
2009	\$1,317,867	\$36,420	\$135,429	\$1,489,716
2010	\$1,317,805	\$37,149	\$135,495	\$1,490,449
2011	\$1,318,804	\$37,892	\$135,670	\$1,492,366
2012	\$1,320,124	\$38,649	\$135,877	\$1,494,651
2013	\$1,321,604	\$39,422	\$136,103	\$1,497,130
2014	\$1,317,804	\$40,211	\$135,802	\$1,493,817
2015	\$1,318,724	\$41,015	\$135,974	\$1,495,714
2016	\$1,318,484	\$41,835	\$136,032	\$1,496,351
2017	\$1,316,644	\$42,672	\$135,932	\$1,495,248
2018	\$1,317,764	\$43,526	\$136,129	\$1,497,419
2019	\$1,320,964	\$44,396	\$136,536	\$1,501,897
2020	\$7,682	\$45,284	\$4,963	\$57,929

"debt_service_table"

(1) Gross debt service minus reserve fund earnings and payout of capitalized interest

(2) Coverage factor for delinquencies is 10% of net debt service plus Administrative Expenses.

Source: Bear, Stearns & Co. Inc

Figure 7
Northeast Roseville Community Facilities District No. 2
Maximum Annual Special Tax Per Original Parcel

Original Taxable Parcel (1)	Original Parcel APNs (1)	Original Residential Units	Maximum Annual Special Tax	Facilities Cost (2)	Percent of Total
1	048-020-060	357	\$18,657	\$148,905	1.24%
3	048-020-070	330	\$30,871	\$246,382	2.05%
5	015-450-005	180	\$22,140	\$176,702	1.47%
6	048-020-053		\$66,570	\$531,304	4.43%
7	048-010-032		\$184,271	\$1,470,680	12.26%
	048-020-069				
7A	048-020-067 & 068		\$54,563	\$435,475	3.63%
8	048-010-034		\$90,474	\$722,082	6.02%
9	048-010-030		\$177,166	\$1,413,977	11.78%
10	048-010-035		\$87,134	\$695,424	5.80%
13	048-450-021 & 022		\$95,933	\$765,647	6.38%
13A	048-450-023 to 037		\$249,734	\$1,993,148	16.61%
14	048-450-016		\$246,877	\$1,970,348	16.42%
17	015-450-011		\$91,688	\$731,769	6.10%
18	015-450-010		\$7,960	\$63,533	0.53%
19	015-450-008		\$33,464	\$267,083	2.23%
20	015-450-009		\$46,075	\$367,730	3.06%
Totals		867	\$1,503,577	\$12,000,189	100.00%

(1) As shown on Attachment 2.

(2) Facility cost is the base amount of cost to be paid if prepayment of the Special Tax is made 45 days prior to the initial sale of bonds. Total of \$12,000,189 is less than actual cost of \$12,000,191 due to rounding.

Figure 8
Northeast Roseville Community Facilities District No. 2
Total Annual Special Tax Burden

Original Parcel No.	Land Use	Acres	CFD No. 1 Maximum Annual Tax (1)	CFD NO. 2 Maximum Annual Tax	Total Maximum Annual Tax
1	R-5.5	43.617	\$175,122	\$18,657	\$193,779
3	R-9	32.987	\$144,549	\$30,871	\$175,420
5	R-9	23.276	\$101,995	\$22,140	\$124,136
6	B-P	18.080	\$133,177	\$66,570	\$199,748
7	B-P	50.514	\$372,086	\$184,271	\$556,357
7A	B-P	14.991	\$110,424	\$54,563	\$164,987
8	B-P	25.287	\$186,264	\$90,474	\$276,738
9	B-P	49.495	\$364,580	\$177,166	\$541,746
10	B-P	22.021	\$162,207	\$87,134	\$249,341
13	Commercial	20.108	\$160,241	\$95,933	\$256,173
13A	Auto Mall	80.800	\$643,895	\$249,734	\$893,629
14	Commercial	48.567	\$387,030	\$246,877	\$633,907
17	Hwy Comm.	14.813	\$118,045	\$91,688	\$209,733
18	Hwy Comm.	1.100	\$8,766	\$7,960	\$16,726
19	Hwy Comm.	6.486	\$51,687	\$33,464	\$85,151
20	Hwy Comm.	9.234	\$73,586	\$46,075	\$119,661
Total		461.376	\$3,193,654	\$1,503,577	\$4,697,232

"combined_taxes"

(1) Based on tax per net acre from page B-8 of the Northeast Roseville CFD No. 1.
 Official Statement dated May 11, 1988.

Source: Northeast Roseville CFD NO. 1 Official Statement,
 and Economic & Planning Systems

IV. PROPOSED COMMUNITY FACILITIES DISTRICT

Description of the Community Facilities District

The financing plan calls for the City of Roseville to establish the Northeast Roseville CFD No. 2. The boundary map for CFD No. 2 is found in Exhibit A. Parcels within CFD No. 2 will pay an annual special tax based upon the rate and method of apportionment described in Exhibit B.

Annual Revenue and Special Tax Requirements

Each fiscal year, the City Finance Director or his or her designee will approve the annual revenue requirement and the annual special tax requirement for CFD No. 2. The annual revenue requirement will include the following items:

- Debt Service on Special Tax Bonds
- Replenishment of the Bond Reserve Fund
- Anticipated Tax Delinquencies
- Administration of the Community Facilities District
- Eligible Pay-As-You-Go Expenditures

The annual special tax requirement will be determined by subtracting other available revenues, such as reimbursement payments, fees, or prepaid special taxes, from the annual revenue requirement. The Finance Director will then apply the special tax formula described in Exhibit B of this report to determine the special tax levy for each parcel.

Setting the Annual Special Tax

The maximum annual special tax is assigned on a per parcel basis. After the calculation of the total annual expenses to be paid in any given year by the CFD No. 2 special tax revenue, the tax levy for each parcel shall be set as follows:

- The maximum tax revenue will be summed for all parcels;
- If the annual costs are less than the maximum special tax revenue, the maximum special tax for each parcel will be proportionately reduced until the total special tax revenue equals the amount of required annual costs.

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 acquire or construct the authorized facilities, the costs and incidental expenses of services, the construction of any authorized facilities, or any authorized pay-as-you-go expenditures.

Prepayment of Special Tax

Landowners may prepay the facility costs allocated to a parcel up to 45 days prior to the sale of the first series of special tax bonds or may permanently satisfy the special tax obligation by a cash settlement with the City after the initial sale of bonds as permitted under Government Code Sections 53321 and 53344. Prepayment after the initial bond sale is permitted only under the following conditions:

- The Parcel is a whole original parcel or a successor parcel greater than 10 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 prior to prepayment.

The prepayment amount shall be established according to the formula specified within Exhibit B - Rate and Method of Apportionment.

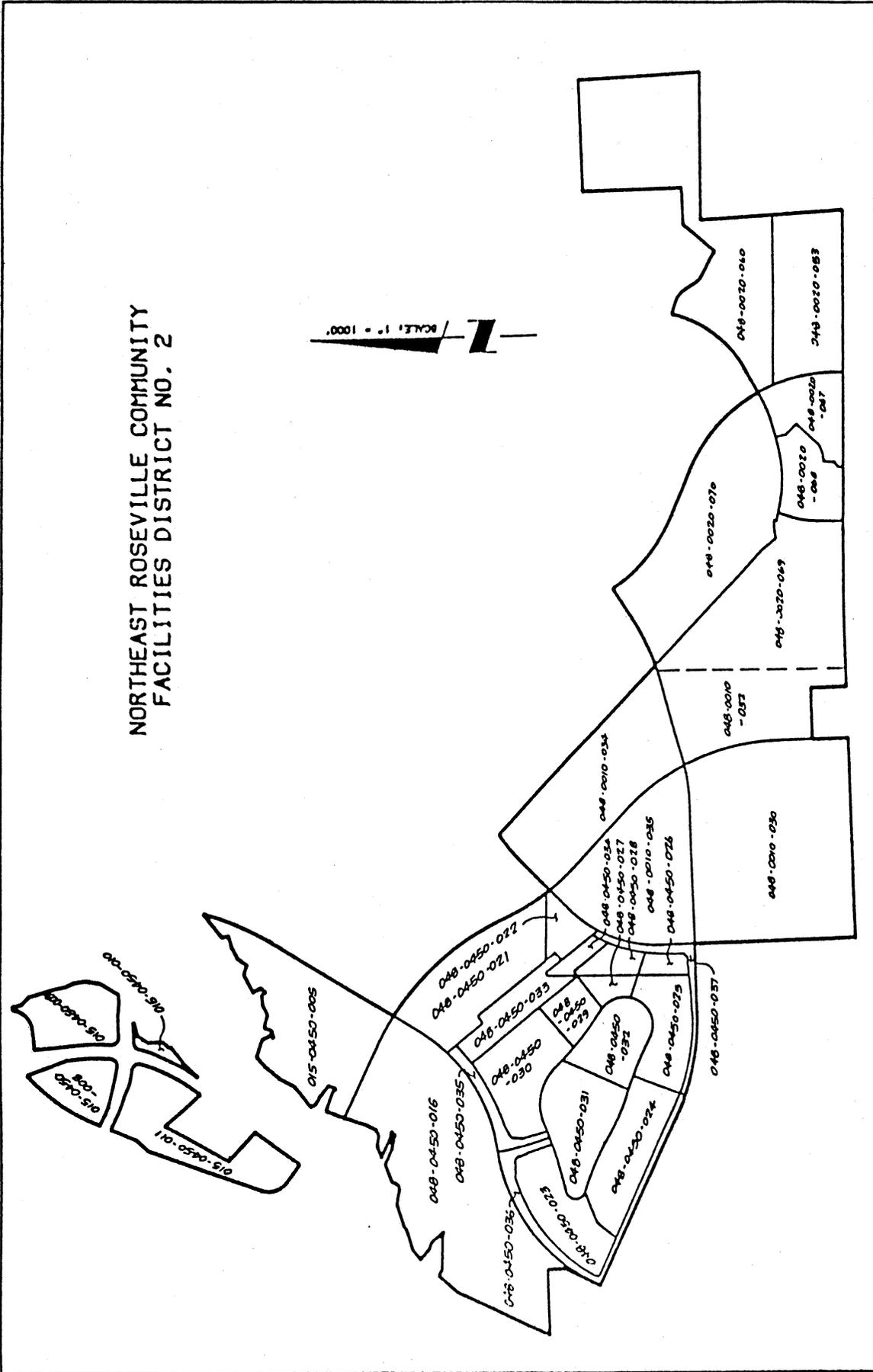
Exemptions

Public-use parcels include all publicly-owned facilities and parcels planned for public use. Open space, wetlands areas, parks, public landscape corridors, schools, public drainageways, green-belts, and right-of-way dedicated for public roads are defined as public-use parcels. In addition, the tax plan exempts from the special tax all public use parcels based on the proposed tentative maps submitted by the project landowners.

Parcels that are taxable at the time of filing a final map will remain taxable even if the parcel becomes a non-taxable use at a later date unless the special tax obligation is satisfied as described under "Prepayment of Special Tax" above. Tax-exempt parcels that are converted to a taxable parcel status will be subject to the maximum annual special tax based on that parcel's land use and CFD No. 2 facilities from which it benefits according to Figure 7.

EXHIBIT A
BOUNDARY MAP

NORTHEAST ROSEVILLE COMMUNITY FACILITIES DISTRICT NO. 2



NE COMM. FACILITIES DIST UNIT 2 BNDRY - 18510.1201PF, 452702 5217 16-Oct-90 04:05 PM / 7515-282.1-1

EXHIBIT B

CITY OF ROSEVILLE
NORTHEAST ROSEVILLE
COMMUNITY FACILITIES DISTRICT NO. 2

RATE AND METHOD OF APPORTIONMENT OF 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 Northeast Roseville Community Facilities District No. 2 ("CFD No. 2") 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 CFD No. 2 as determined by the Finance Director of the City of Roseville.

"Annual Costs" means for each Fiscal Year for CFD No. 2, the total of 1) Debt Service; 2) Administrative Expenses; 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; less any amounts paid to CFD No. 2 from development fees, reimbursements, and/or prepaid Special Taxes as prescribed in Section 7.

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

"Bond Year" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of bonds.

"CFD No. 2" means the Northeast Roseville Community Facilities District No. 2 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 CFD No. 2 under the Act.

"County" means the County of Placer, California.

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

"Debt Service" means for each Fiscal Year or Bond Year, the total amount of principal and interest for any bonds of the City for CFD No. 2, less any applicable credits that may be available from any other sources and less any interest on reserve funds and other funds available to the City to pay principal and interest for the current or upcoming Fiscal Year or Bond Year.

"Final Subdivision Map" means a 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.

"Gross Acre(age)" means the acreage of a Parcel prior to dedication of right-of-way for streets, roads, landscaping, and other public purposes.

"Large-Lot Subdivision Map" means a map delineating Parcels by land use and providing an opportunity 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.

"NERSP" means the Northeast Roseville Specific Plan.

"Net Acre(age)" means the acreage of a Parcel as shown on the final subdivision map or Parcel map excluding right-of-way dedicated for streets, roads, landscaping and other public purposes.

"Original Parcel" means a Parcel as it existed at the time of the adoption by the Council of the Resolution of Formation and as listed in Attachment 1 and shown on Attachment 2.

"Parcel" means any County Assessor's Parcel in CFD No. 2 based on the equalized tax rolls of the County as of the end of each Fiscal Year.

"Public Parcel" means any Parcel that is, or is intended to be, publicly owned, as designated in the NERSP as adopted by the Council, that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets; schools; parks; and public drainageways, landscaping, green-belts, and open space. These Parcels are exempt from the levy of Special Taxes as described below.

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

"Special Tax(es)" mean(s) any tax levy under the Act in CFD No. 2.

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

"Successor Parcel" means a Parcel created by Subdivision, lot line adjustment, or parcel map; and is not 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 any Parcel that is a Public Parcel, any Parcel designated as wetlands, and any Parcel designated as urban reserve until such time that it is developed for residential or commercial/industrial purposes.

3. Determination of Parcels Subject to Special Tax

The Special Tax shall be levied on the owner of record on the County Assessor's records as of the end of each Fiscal Year based on the land use classification and the Maximum Special Tax assigned to each Parcel by the Finance Director as of June 1 of each Fiscal Year.

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 Finance Director shall identify the Taxable Parcels from a list of all Parcels within CFD No. 2 using the procedure described below.

- 1) Exclude all Tax-Exempt Parcels.

However, Taxable Parcels that are acquired by a public agency after the CFD No. 2 is formed or subsequent Final Subdivision Maps are recorded will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied by the procedure described in Section 7. An exception to this may be made if Public Parcels are relocated and the previously Tax-Exempt Parcels become Taxable Parcels. This trading of Parcels will be allowed to the extent that there is no net loss in Maximum Special Tax revenue.

- 2) Exclude all Parcels that have satisfied their Special Tax obligation through the prepayment provisions of Section 7.
- 3) The remaining Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to 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.

When all Annual Costs incurred by CFD No. 2 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 CFD No. 2 is recorded.

5. Assignment of Maximum Special Tax

By June 1 of each Fiscal Year, using the Definitions above, the Finance Director shall cause:

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, or a Successor Parcel; and

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

- a) Original Parcel - the Maximum Special Tax for each Original Parcel is as shown on **Attachment 1**.
- b) 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 condominium Parcel Subdivision, divide the Maximum Special Tax assigned to the Original Parcel or existing Successor Parcel, as calculated under (a) above or (b)(ii) below, by the number of single-family residential lots or condominium units. The result of this calculation is the Maximum Special Tax for each single-family residential or condominium Successor Parcel within the Subdivision.

- (ii) if the Successor Parcel is not the result of a single-family residential or individually-owned condominium Parcel Subdivision:
 - calculate the percentage of the Successor Parcel's square footage to the total square footage for all Taxable Successor Parcels; 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.
- c) Residential Unit Transfer - the Maximum Special Tax assigned to a residential Parcel under (a) or (b) above, may be adjusted to reflect a change in residential units in the following manner:
 - 1) 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 as shown in **Attachment 1** or as created through a Subdivision Successor Parcel;
 - 2) Calculate the total Maximum Special Tax being transferred by multiplying the number of units being transferred by the calculation in 1). Add the total Maximum Special Tax and number units being transferred to the Parcel(s) receiving the transferred units and of Maximum Special Tax.
 - 3) Subtract the total Maximum Special Tax and the number of units being transferred from step 2) from the Parcel transferring the Maximum Special Tax and the residential units.

Such unit 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 by the affected property owners and the Finance Director.
- d) Conversion of a Tax-Exempt Parcel to a Taxable Parcel - if a Parcel designated in the NERSP as a Tax-Exempt Parcel is not needed for public use and is converted to a Taxable Parcel, it shall become subject to the Special Tax. The Maximum Special Tax for each such Parcel shall be set equal to the average tax for similar land uses as follows: \$831 per acre for residential; \$3,705 per acre for business park; \$4,730 per acre for general commercial; or \$5,566 per acre for highway commercial.

6. Setting the Annual Special Tax Rate

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) For Tax-Exempt Parcels, no Special Tax shall be apportioned or levied, except as noted in Section 3, step (1) above.
- 3) Compute the total Special Tax revenue for all Parcels.
- 4) Compare the Annual Costs to the Special Tax revenue from Step 3 above. If the Annual Costs are lower than the Special Tax revenue, proportionally reduce the Maximum Special Tax for each Parcel until the total Special Tax revenue equals the amount of Annual Costs.
- 5) 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 the NERSP takes place, the Finance Director will maintain a file of each current assessor's Parcel number within CFD No. 2, its Maximum Special Tax, and the Maximum Special Tax on all Parcels within in CFD No. 2 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 Special Tax each time a Successor Parcel was created, including any adjustments due to change in use.

7. Prepayment of Special Tax Obligation

A landowner may satisfy the Special Tax obligation on any given Parcel in one of the following two ways:

A. A landowner may prepay the facility costs allocated to a Parcel up to 45 days prior to the sale of the first series of Special Tax bonds. The amount of such prepayment would be determined as follows:

Step 1: Determine the facility cost allocation for a given Parcel as shown in Attachment 1.

Step 2: Add to the facility cost allocation any fees or expenses incurred by the City in connection with the prepayment calculation or the proceeds of the prepayment.

Step 3: Add to the facility cost allocation a proportional share of CFD No. 2 formation costs not associated with the issuance of bonds.

The proceeds of the prepayment shall be used to construct or acquire authorized CFD No. 2 facilities, thereby reducing the total amount of bonds and the Annual Costs.

B. After the initial sale of bonds, landowners may permanently satisfy 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 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 prior to prepayment.

The prepayment amount shall be established by the following calculation:

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

Step 2: Reduce the Maximum Special Tax by the 10 percent delinquency coverage factor and add back the actual average annual tax delinquency rate for property in CFD No. 2. If no delinquency history has been established for the Special Tax, add back to the annual Special Tax the most recent five-year average annual delinquency rate for secured property taxes in the City as a whole. The Maximum Special Tax may be reduced still further if all bonds of CFD No. 2 have been issued and the future debt service, through the maturity of all outstanding bonds, is known with certainty, except that the tax shall not be reduced below the amount determined necessary to pay Annual Costs.

Step 3: Calculate the revenue produced by the reduced Special Tax from Step 2 from the date of prepayment up to and including the last maturity date of outstanding bonds. If all bonds of CFD No. 2 have not yet been issued, for the purpose of this calculation the final bond issue of CFD No. 2 shall be assumed to mature in 2020, except that this assumed final maturity date may be amended by the City no later than the time of the calculation of the prepayment.

Step 4: Calculate the present value of the annual revenue stream determined in Step 3. The present value shall be calculated using that discount rate which, when the prepayment is invested in approved investments (as specified by the resolution authorizing the issuance of bonds) earning a rate of interest equal to the discount rate, would produce annual revenues equal to the amounts calculated in Step 3. The discount rate may not exceed the bond yield as determined by the Tax Reform Act of 1986, as may be amended.

Step 5: Determine the prepayment amount by adding to the present value calculated in Step 4 any fees or expenses incurred by the City in connection with the prepayment calculation or the application of the proceeds of the prepayment.

8. Administrative Changes

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.

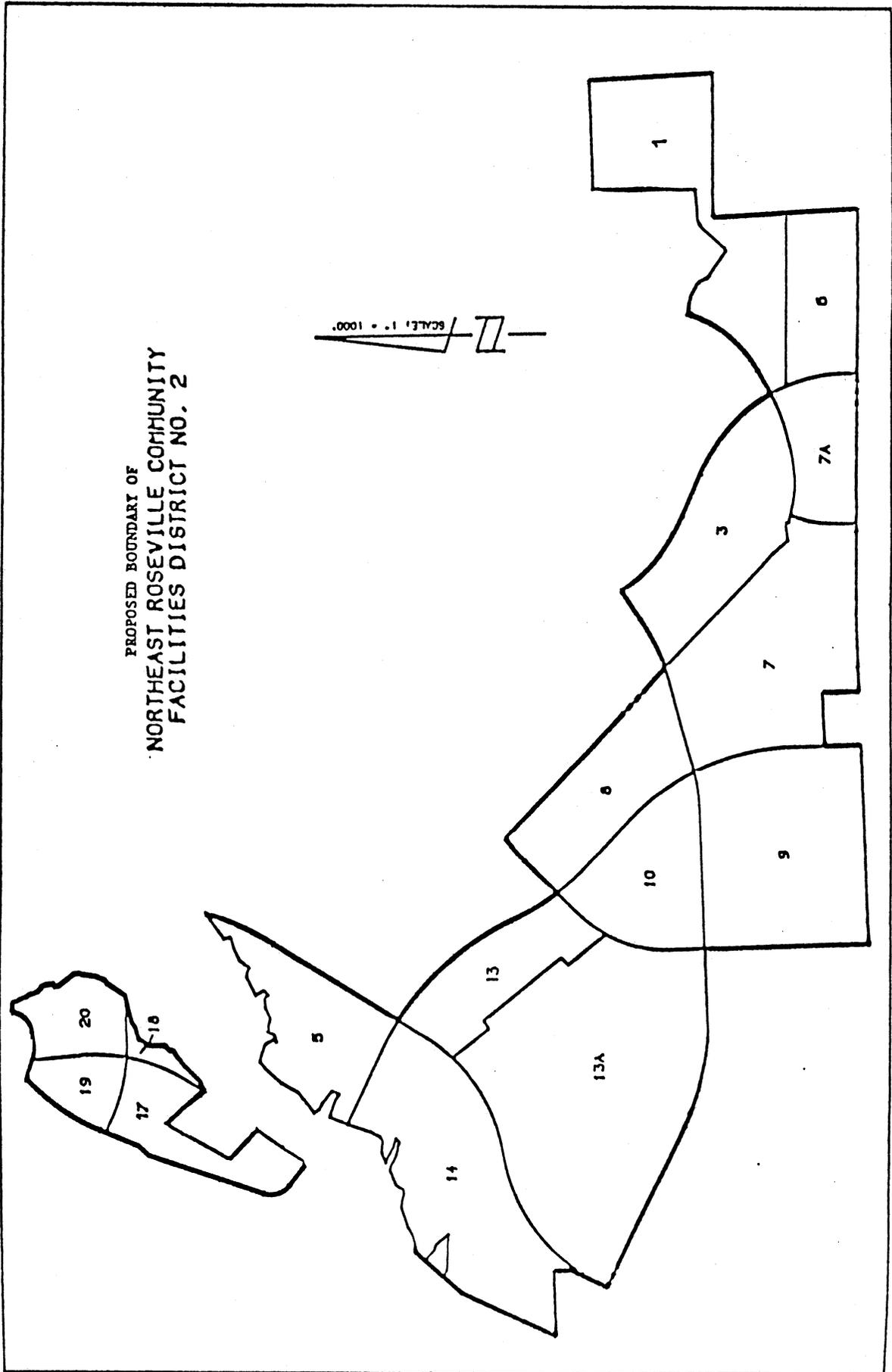
Interpretations may be made by Resolution of the City Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to CFD No. 2.

Attachment 1
Northest Roseville Community Facilities District No. 2
Maximum Annual Special Tax Per Original Parcel
30-Year Bonds

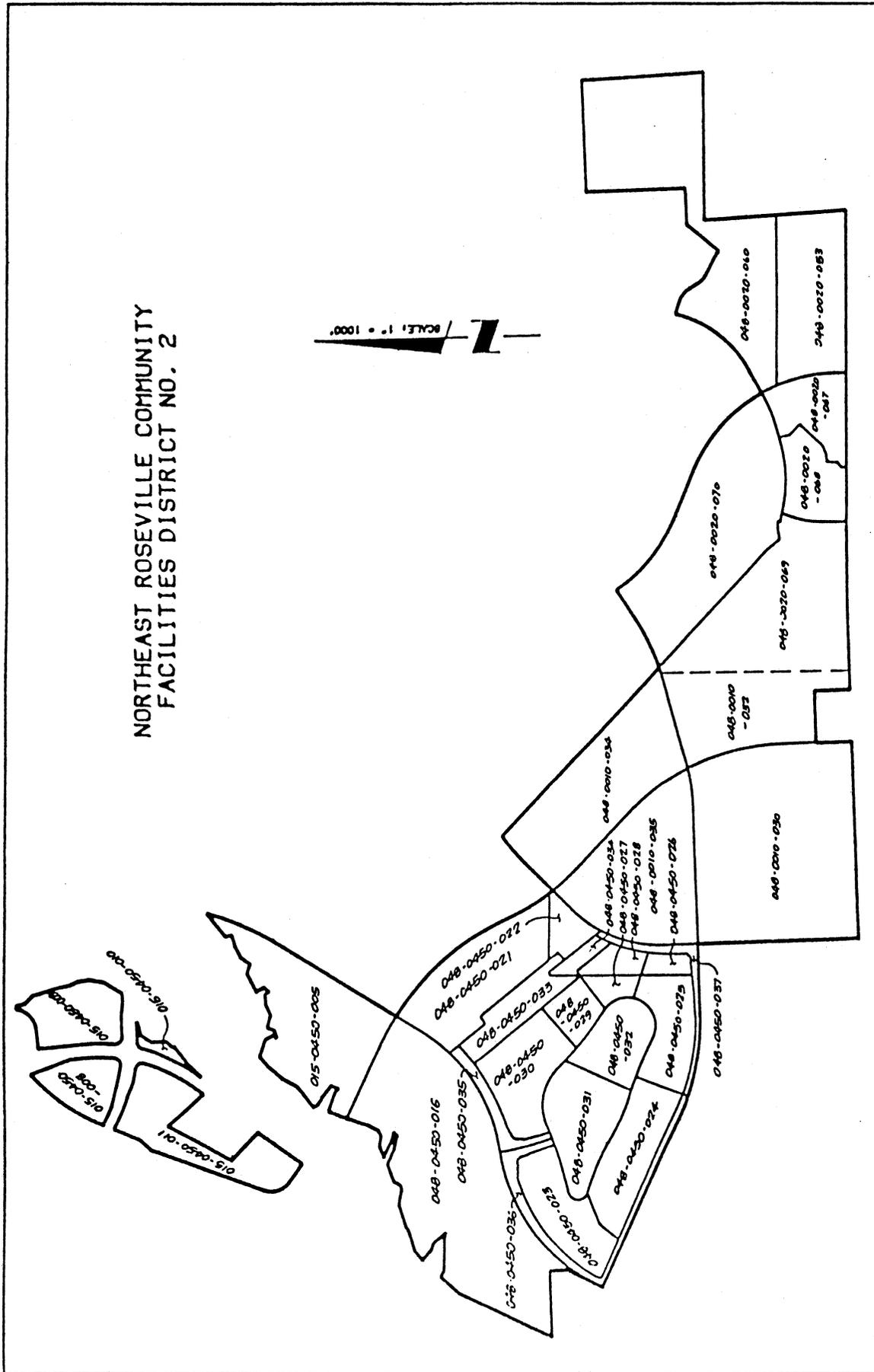
Original Taxable Parcel (1)	Original Parcel APNs (1)	Original Residential Units	Maximum Annual Special Tax	Facilities Cost (2)	Percent of Total
1	048-020-060	357	\$18,657	\$148,905	1.24%
3	048-020-070	330	\$30,871	\$246,382	2.05%
5	015-450-005	180	\$22,140	\$176,702	1.47%
6	048-020-053		\$66,570	\$531,304	4.43%
7	048-010-032		\$184,271	\$1,470,680	12.26%
	048-020-069				
7A	048-020-067 & 068		\$54,563	\$435,475	3.63%
8	048-010-034		\$90,474	\$722,082	6.02%
9	048-010-030		\$177,166	\$1,413,977	11.78%
10	048-010-035		\$87,134	\$695,424	5.80%
13	048-450-021 & 022		\$95,933	\$765,647	6.38%
13A	048-450-023 to 037		\$249,734	\$1,993,148	16.61%
14	048-450-016		\$246,877	\$1,970,348	16.42%
17	015-450-011		\$91,688	\$731,769	6.10%
18	015-450-010		\$7,960	\$63,533	0.53%
19	015-450-008		\$33,464	\$267,083	2.23%
20	015-450-009		\$46,075	\$367,730	3.06%
Totals		867	\$1,503,577	\$12,000,189	100.00%

(1) As shown on Attachment 2.

(2) Facility cost is the base amount of cost to be paid if prepayment of the Special Tax is made 45 days prior to the initial sale of bonds.



NORTHEAST ROSEVILLE COMMUNITY
FACILITIES DISTRICT NO. 2



NE COMM. FACILITIES DIST UNIT 2 BNDRY - 18610.1201PF; 452702 5217 16-Oct-90 04:05 PM / 7545-292.1-1

EXHIBIT C

LIST OF FACILITIES

FACILITIES TO BE ACQUIRED BY NORTHEAST ROSEVILLE
COMMUNITY FACILITIES DISTRICT NO. 2

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, curbs, gutters and median curb facilities, 12-foot landscaped median and irrigation facilities, streetlight and electrical facilities, including electric service to each property line, on East Roseville Parkway from Douglas Boulevard to Rocky Ridge Drive, with all necessary appurtenances thereto.

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, the north half of the landscaped median, irrigation facilities, curbs, gutters, median curb, streetlight and electrical facilities, including electric service to each property line, on the north side of Douglas Boulevard over a 110-foot right-of-way from Rocky Ridge Drive to the east property boundary, with all necessary appurtenances thereto.

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, curb, gutter, streetlight, and electrical facilities, including electric service to each property line, on Rocky Ridge Drive over an 84-foot right-of-way from 1200 feet northeast of Eureka Road to East Roseville Parkway, with all necessary appurtenances thereto.

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, storm water collection and domestic water distribution systems, including service to each property line, and curb, gutter, streetlight, and electrical facilities, including electric service to each property line, on East Roseville Parkway from the west side of the bridge at Secret Ravine to Taylor Road, with all necessary appurtenances thereto.

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, storm water collection, sanitary sewer and domestic water distribution systems, curb, gutter, streetlight, and electrical distribution facilities, including service to each property line, on Sunrise Avenue over a 110-foot right-of-way from the north end of the bridge at Miner's Ravine to East Roseville Parkway, with all necessary appurtenances thereto.

NERCFD No. 2 (Cont'd.)

Acquisition of the completed asphalt concrete paving, aggregate base and subbase, storm water collection, sanitary sewer and domestic water systems, including service to each property line, and curb, gutter, streetlight, and electrical facilities, including electric service to each property line, on East Roseville Parkway from east side of Secret Ravine Bridge to Sunrise Avenue, with all necessary appurtenances thereto.

Acquisition of completed asphalt concrete paving, aggregate base and subbase, curb and gutter on Taylor Road from the intersection of Eureka Road north 2,800 feet to a point 800 feet north of East Roseville Parkway, with all necessary appurtenances thereto.

Acquisition of the completed electrical facilities, including service to each property line, on the south side of Olympus Drive from East Roseville Parkway to Sierra College Boulevard, with all necessary appurtenances thereto.

Acquisition of the completed electrical facilities, including service to each property line, on the west side of Sierra College Boulevard from Olympus Drive to the south property boundary, with all necessary appurtenances thereto.

Acquisition of the completed streetlight facilities on Olympus Drive from East Roseville Parkway to Sierra College Boulevard, with all necessary appurtenances thereto.

Acquisition of the completed streetlight facilities on Sierra College Boulevard from Olympus Drive to the south property boundary, with all necessary appurtenances thereto.

Acquisition of completed traffic signals, together with all necessary appurtenances thereto, and any other necessary, related improvements, for the following intersections: East Roseville Parkway and Taylor Road; Sierra College Boulevard and Olympus Drive; Douglas Boulevard and Rocky Ridge Drive; Douglas Boulevard and East Roseville Parkway; East Roseville Parkway and Olympus Drive; East Roseville Parkway and Lead Hill Road.

NERCFD No. 2 (Cont'd.)

Acquisition of the completed sewer outfall facility improvements, including service to each property line, from Lead Hill Road south along the west property boundary line to Douglas Boulevard, together with all necessary appurtenances thereto.

Acquisition of the completed sewer outfall facility improvements, including service to each property line, from a point on Sunrise Avenue 1,000 feet north of the intersection of Lead Hill Road west to the point where this facility connects with the outfall sewer line in Miner's Ravine, together with all necessary appurtenances thereto.

Acquisition of the completed outfall drain facility improvements, including service to each property line, from the intersection of Rocky Ridge Drive and Lead Hill Road south on Rocky Ridge Drive and then west to the existing drainage detention basin, near the west boundary of the property, together with all necessary appurtenances thereto.

Acquisition or contribution to the installation of a portion of the Dry Creek sewer, including pipe, manholes and other necessary appurtenances, from Atkinson Street to Vernon Street.

Acquisition or contribution to the installation of a portion of the remaining segment of Cirby Creek sewer, including pipe, manholes and other necessary appurtenances.

Acquisition of the completed 30" water main near the intersection of Sunrise Avenue and Roseville Parkway (approx. 1600 LF).

Acquisition of 1.609 acres of improved land, including landscaping, adjacent to electric substation site near the northwest corner of Eureka Road and Rocky Ridge Drive.

Acquisition of all necessary improvements related to the installation of natural gas facilities within the Plan Area, including without limitation, service to each property line.

NERCFD No. 2 (Cont'd.)

Acquisition of all necessary improvements related to the installation of cable television facilities within the Plan Area, excluding placement of conduit.

Acquisition of all underground sewer, water, drainage and electrical facilities, including service to each property line within the Plan Area, to the extent such facilities were not acquired by the Northeast Roseville Community Facilities District No. 1.

Acquisition of any and all other roadway, underground, and related facilities required by the Development Agreement, as shown on the attached map, to the extent such facilities are not listed above or were not acquired by the Northeast Roseville Community Facilities District No. 1, including costs associated with obtaining any necessary permits or approvals from the U.S. Army Corps of Engineers, California Department of Fish and Game, and any other federal or state agency having jurisdiction within the project site, and any and all mitigation and monitoring costs arising from any such permits or approvals.

Acquisition of bridge facings for the Sunrise Avenue, Eureka Road and East Roseville Parkway bridges, with all necessary appurtenances thereto.

Acquisition of completed granite entryway monuments on Eureka Road southeast of the Eureka Road bridge, together with all associated landscaping, irrigation, hardscape, special street materials, and other necessary appurtenances.

Acquisition of completed granite entryway monuments at the intersection of Douglas Boulevard and Eureka Road, together with all associated landscaping, irrigation, hardscape, special street materials, and other necessary appurtenances.

Acquisition of completed granite entryway monuments at the intersection of Douglas Boulevard and East Roseville Parkway, together with all associated landscaping, irrigation, hardscape, special street materials, and other necessary appurtenances.

NERCFD No. 2 (Cont'd.)

Acquisition of completed .816-acre sculpture park, including without limitation, the following: 80-foot original Aristides Demetrios painted steel sculpture; landscaping; irrigation; hardscape; bicycle/pedestrian path; park amenities; acquisition of park site; and other necessary and related appurtenances and improvements, including relocation of power poles.

Acquisition of completed 35-foot landscaped corridor, including irrigation and necessary and related improvements, on the north side of Eureka Road from the Eureka Road bridge to Sunrise Avenue.

Acquisition of completed 35-foot landscaped corridor, including irrigation and necessary and related improvements, on the south side of Eureka Road from the Eureka Road bridge to Sunrise Avenue.

The acquisition of interest on construction financing for improvements acquired by the Roseville Community Facilities District No. 1 and to be acquired by the Roseville Community Facilities District No. 2; any contract administration costs, project management costs, engineering, design and City fees related to any of the improvements listed above shall occur concurrently with the acquisition of any of the above related facilities.

Total Estimated Cost for Facilities Within CFD No. 2 =
\$12,000,191.00