

Public Finance Real Estate Economics Regional Economics Land Use Policy

EXHIBIT C

FINAL HEARING REPORT

CROCKER RANCH CFD No. 1

Prepared for:

City of Roseville

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I. Introduction

BACKGROUND

The Crocker Ranch project, located in the Phase II and III of the North Roseville Specific Plan, encompasses approximately 321.0 gross acres that will be included in the proposed Community Facilities District No. 1 (the "CFD"). Primarily a residential project, approximately 247.5 acres of Crocker Ranch will be used for the development of 1,095 single family residential units. Other land uses include 2 parks (a 13.4 acre park in Phase I and a 9.0 acre park in Phase II), open space, and roads. The project area's southern boundary is Blue Oaks Boulevard, which is the main access. The project area's western boundary, Fiddyment Road, is the secondary access to Crocker Ranch.

Two phases of development are currently planned – Crocker Ranch South ("Phase I" or "Tax Zone 1") (referring to parcels south of Pleasant Grove Creek), and Crocker Ranch North ("Phase II" or "Tax Zone 2") (referring to parcels north of Pleasant Grove Creek).

A Mello-Roos Community Facilities District has been proposed to fund the costs of public infrastructure and facilities necessary for the development of the project. The Resolution of Intention (ROI) was passed by the City of Roseville City Council on September 19, 2001 and the Resolution of Formation (ROF), public hearing on the CFD formation, and election are scheduled for February 6, 2002.

PURPOSE OF THE CFD

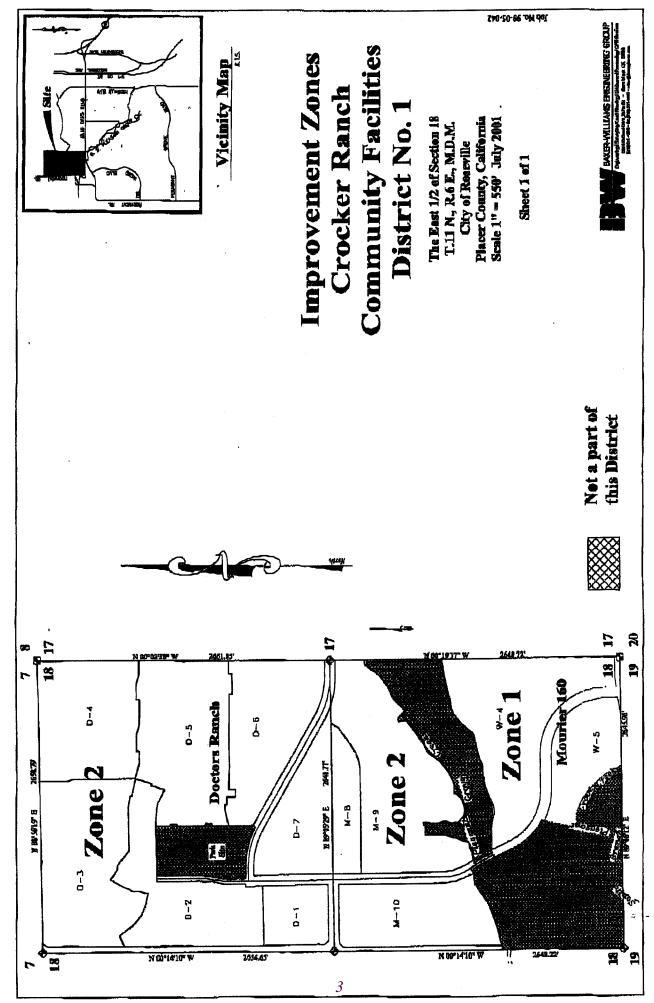
The Crocker Ranch Project has proposed the formation of the Crocker Ranch CFD No. 1 for the purpose of funding the construction of major road, sewer, water, and drainage infrastructure as well as other citywide offsite improvements and contributions. The proposed boundaries of the CFD are shown in **Map 1**. The CFD is being formed to ensure that all benefiting landowners participate in facility financing. CFD bonds will be used as the primary source of funding for the infrastructure and facilities in this project.

ORGANIZATION OF THE REPORT

This report serves as the hearing report required by the Mello-Roos Act. This hearing report discusses the land included in the CFD, the facilities to be constructed or acquired, the bond issuance assumptions, the structure of the CFD, and the calculation of the maximum annual special tax rates.

Chapter II describes the CFD land uses. **Chapter III** discusses infrastructure and facilities costs and cost allocation. **Chapter IV** discusses the proposed bond issue and maximum annual special tax. **Chapter V** discusses the structure of the proposed CFD and the Rate and Method of Apportionment of Special Tax (also known as the "Tax Formula"), and **Chapter VI** provides a feasibility analysis of the CFD.

Two exhibits are attached to this report. **Exhibit A** is the Rate and Method of Apportionment, and Manner of Collection of Special Tax. **Exhibit B** provides a list of authorized facilities and costs the CFD may finance.



II. LAND USE

The Crocker Ranch CFD is a residential project with proposed construction of 1,095 single family units on 247.5 acres. The CFD also includes 22.4 acres of land for parks. Phase I (Tax Zone 1) has a 13.4 acre park site. The developer has an obligation to develop approximately 5.7 acres of this site as a turnkey park. A 9.0 acre park site in Phase II (Tax Zone 2) will be dedicated to the City. Land uses are shown in **Figure 1**. The total area of the project is approximately 321.0 acres.

The development of Crocker Ranch is planned to occur in two phases – parcels in Crocker Ranch South will be developed first while parcels in Crocker Ranch North will be developed second. **Map 1** also shows the boundaries for these areas that are also referred to Tax Zone 1 and Zone 2 for purposes of the Special Tax Formula. Tax Zone 1 consists of 99.2 acres, of which 43.9 acres are planned for construction of 160 single family residential units. Tax Zone 1 also includes approximately 13.4 acres of parks, 35.6 acres of open space, and 6.3 acres of right of way.

Of the total 221.8 acres in Tax Zone 2, approximately 203.6 acres will be developed with 935 single family homes. A nine-acre park will also be dedicated in Tax Zone 2. The remaining 9.2 acres are designated for right of way.

Figure 1 Crocker Ranch CFD No.1 (Infrastructure) Summary of Land Use

Parcel	Units	Acres
Crocker Ranch South (Zone 1)		
Low Density Residential		
W-4	112	30.2
W-5	48	13.7
Subtotal	160	43.9
Other (Tax-Exempt)		
Parks	-	13.4
Open Space	-	35.6
Right of Way (ROW)	-	6.3
Subtotal	-	55.3
Total For Zone 1	160	99.2
Crocker Ranch North (Zone 2)		
Low Density Residential		
W-1	35	12.2
W-2	36	8.4
W-3	148	41.2
DR-1	45	7.4
DR-2	72	14.6
DR-3	306	70.6
DR-4	293	49.2
Subtotal	935	203.6
Other (Tax-Exempt)		
Park	-	9.0
Right of Way (ROW)	-	9.2
Subtotal	-	18.2
Total For Zone 2		221.8
Total Residential Units & Acres Total Gross Acres	1,095	247.5 321.0

"land_use"

Source: North Roseville Specific Plan

III. INFRASTRUCTURE AND FACILITY COST AND COST ALLOCATION

This chapter describes the infrastructure and facilities to be financed, the cost of these items, and how the CFD bonds, as the primary financing method, will cover these costs.

FACILITY COSTS AND SOURCES OF FUNDS

Estimated costs to develop the infrastructure and facilities that serve the Crocker Ranch project are based on the costs incurred to date for the improvements that are substantially complete and the costs estimated for the remaining CFD Authorized Facilities. Approximately \$17.5 million in public infrastructure and developer contributions are required for the development of the CFD authorized facilities.

Figure 2 shows a summary by category of improvements of the total infrastructure and project-wide obligations for the CFD. **Figure 2** also shows the proposed funding sources for these improvements. It is anticipated that approximately \$13.8 million of the \$17.5 million in total costs will be funded through the issuance of bonds, most likely in two phases to correspond to the development phasing of the project. The remaining costs, approximately \$3.7 million, are anticipated to be funded by the developer or by one or more of the following sources:

- Initial Developer funding with reimbursement from pay-as-you-go revenues
- Pay-as-you-go revenue during construction
- Interest earnings on construction fund

The bond sizing and bond proceeds estimates are based on current market information. Depending on market conditions at the time bonds are actually issued, more or less bond proceeds may be generated. To the extent that less bond proceeds are generated than are currently estimated, it is anticipated that the remaining improvement costs will be funded by one or more sources identified above.

FACILITY COSTS AND DEVELOPER CONTRIBUTIONS

The CFD will fund both backbone infrastructure as well as developer contributions to citywide facilities as required by the Development Agreements for Crocker Ranch (formerly known as Mourier 160 and Doctor's Ranch). Each of the authorized facility items is highlighted below.

Figure 2
Summary of Facility Costs and Funding Sources
Backbone Infrastructure, Off-site Improvements, and Citywide Obligations

		Phase I	Phase II
Item	Total	Facilities	Facilities
Facility Costs [1]			
Backbone Infrastructure			
Blue Oaks Boulevard	\$520,424	\$520,424	
Crocker Ranch Road (south of creek)	\$1,853,055	\$1,853,055	
Crocker Ranch Road (north of creek)	\$3,054,125	, ,	\$3,054,125
Crocker Ranch Road (adjacent to Park)	\$523,234		\$523,234
Fiddyment Road (north of Casa Sedona intersection)	\$1,291,672		\$1,291,672
Casa Sedona Drive	\$608,730		\$608,730
Opal Drive	\$1,472,849		\$1,472,849
Offsite Utility Trench	\$659,000	\$50,000	\$609,000
Subtotal	\$9,983,089	\$2,423,479	\$7,559,610
Engineering, Contingency, Project Management,			
Plan Check, and Inspection (24%)	\$2,395,941	\$581,635	\$1,814,306
Subtotal Backbone Infrastructure Costs	\$12,379,030	\$3,005,114	\$9,373,916
Project Wide CFD Obligations/Contributions [2]			
Cirby/Riverside Contribution	\$55,111	\$55,111	
Youth Baseball Field Contribution	\$99,527	\$99,527	
Community Center Contribution	\$298,581	\$298,581	
Construction of Veterans Park	\$653,592		\$653,592
City Funds for Fiddyment Road	\$303,403		\$303,403
Oak Tree Mitigation	\$13,275		\$13,275
Masonry Wall Along Northern Property Edge	\$145,750		\$145,750
Contributions to Public Benefit	\$571,800		\$571,800
Supplemental Water Fee	\$1,100,000		\$1,100,000
Wetland and Environmental Costs of Public Improvements	\$122,500	\$122,500	Ψ1,100,000
Bikeway and Transit Master Plan Update	\$20,000	Ψ122,300	\$20,000
Subtotal CFD Obligations/Contributions	\$3,383,539	\$575,719	\$2,807,820
Total Facility Costs Before Impact/Development Fees	\$15,762,569	\$3,580,833	\$12,181,736
Bond Funded Fees	\$1,700,000		\$1,700,000
Total Authorized Facilities	\$17,462,569	\$3,580,833	\$13,881,736
Funding Sources			
Estimated CFD Bond Proceeds	\$13,750,833	\$3,580,833	\$10,170,000
Developer Funding or Other Sources [3]	\$3,711,736	\$0	\$3,711,736
Developed Landing of Other Bouleon [5]	ψ5,/11,/50	ΨΟ	ψ5,/11,/50
Total Funding Sources	\$17,462,569	\$3,580,833	\$13,881,736

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^[1] Provided by JMC

^[2] As required by the Mourier 160 and Doctor's Ranch Development Agreements.

^[3] Other sources of funding include 1) initial Developer funding with reimbursement from pay-as-you-go revenues,

²⁾ pay-as-you-go revenue during construction, 3) interest earnings on construction fund.

Roadways

Blue Oaks Boulevard and Fiddyment Road are arterial roadways that will be funded by the CFD. These two arterial roadways are located on the boundaries of the development. The CFD will also fund the construction of, and improvements to, several collector roadways. Crocker Ranch Road will be the only collector road constructed in Tax Zone 1 and will extend into Tax Zone 2 connecting the two phases of development. Opal Drive and Casa Sedona Drive are collector roadways within Tax Zone 2 (along with the extension of Crocker Ranch Road).

Water System Improvements

Water distribution facilities include, but are not limited to, fire hydrants and related water system improvements; pressure reducing stations, flow meters, and recycled water improvements. The water system facility improvement costs are included in the roadway cost estimates.

Wastewater System Improvements

The CFD is planned to fund all wastewater facilities that are consistent with the Master Wastewater Plan and that are needed to serve Crocker Ranch. The wastewater system improvement costs are included in the roadway cost estimates.

Drainage

Drainage pipelines and appurtenances, temporary drainage facilities, detention basins, and drainage pretreatment facilities will be funded through the CFD. The drainage system improvement costs are also included in the roadway cost estimates.

Park Improvements

Phase I park improvements to be funded by the CFD consist of an approximate 5.7 acre turnkey park (Veterans Park) within the 13.4 acre park site. The Developer will dedicate a 9 acre park site in Phase II to the City. This 9 acre park site will be developed with other City funds.

Contributions to Citywide Projects

The CFD is authorized to fund contributions to citywide projects as defined in the Development Agreements for Crocker Ranch (formerly Mourier 160 and Doctor's Ranch). The required contributions include, but are not limited to, the following items:

- Construction of the Mahany Community Center and the off-site softball fields;
- Contributions to a transportation study of the Riverside/Cirby intersection;
- Landowners fair share for the update of the City's Bikeway Master Plan and City's short Range and Long Range Transit Master Plans;
- Mahany Park facilities;

- Diamond Oaks Golf Course irrigation facilities;
- Other City park facilities; and,
- Other Citywide facility contributions as specified in the Mourier 160 or Doctors Ranch Development Agreement(s) entered into by the Developer and the City of Roseville.

Total developer contributions are estimated to be approximately \$3.4 million.

City and County Public Improvements

Public improvements, such as roadways, wastewater system improvements, sewer system improvements, public facility improvements and other capital improvements for which developer impact fees are payable to the City pursuant to approved ordinances or resolutions upon issuance of a building permit or upon final map approval for a single family residence within the CFD are authorized costs under the CFD.

Other Expenses

In addition to the above facilities, the CFD may fund 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 thereof and environmental remediation related thereto); utility relocation and demolition costs incident to the construction of the public facilities; cost associated with the creation of the CFD; issuance of the bonds thereof; determination of the amount , collection, and payment of taxes; costs otherwise incurred in order to carry out the authorized purposes of the CFD; and any other expenses incidental to the construction, completion, and inspection of the facilities.

FACILITY COST ALLOCATION

The facility costs are allocated to all of the single family units in Crocker Ranch. No other taxable land uses are currently anticipated for development in the CFD.

IV. MAXIMUM ANNUAL SPECIAL TAX AND PROPOSED BOND ISSUE

FACILITY FUNDING PROGRAM

Approximately \$13.8 million of the \$17.5 million in CFD facility costs will come from CFD bond proceeds. The remaining costs (approximately \$3.7 million) will be funded the Developer or by one or more of the following sources:

- Initial Developer funding with reimbursement from pay-as-you-go revenues
- Pay-as-you-go revenue during construction
- Interest earnings on construction fund

CFD BOND PROCEEDS

A series of bonds will be issued to produce an estimated \$13.8 million in proceeds to fund the construction of authorized facilities. The total bond amount, or amounts, will be set based on the appraisal of the CFD land uses by Seevers-Jordan-Ziegenmeyer. An appraisal dated November 8, 2001 was prepared by Seevers-Jordan-Ziegenmeyer for the City. The market value (bulk value) of the CFD, as of October 12, 2001, was \$39,115,000. The appraised value of the land in the CFD must be at least three times the total amount of the bond issued.

The actual amount of bond proceeds from the bond issues will be dependent upon the reserve fund requirement, the costs of issuance, and the bond interest rate. The City's bond underwriter will determine the actual bond costs at the time of the bond sale.

Currently two phases of development are anticipated for Crocker Ranch corresponding to Tax Zone 1 and Tax Zone 2 of the project. Due to timing considerations for both construction of infrastructure and the incidence of special tax obligations on parcels in the CFD, bonds will also be issued in phases. Currently two bond issues are anticipated.

The bond sizing estimates were based on the bonding capacity of Tax Zone 1 and Tax Zone 2 parcels. The bonding capacity is determined by the maximum amount of CFD revenue that can be generated by the parcels in each Tax Zone. The CFD revenue is determined by multiplying the number of planned residential units in each Tax Zone by the Maximum Annual Special Tax Rate per unit as shown in **Figure 3**.

Figure 3 Crocker Ranch CFD No.1 (Infrastructure) Maximum Annual Special Tax Revenue for Zone 1 and Zone 2

			Proposed	
			Maximum Annual	Maximum Annual
Parcel	Land Use	Units	Special Tax	CFD Revenue
			(per unit)	
Zone 1				
W-4	LDR	112	\$1,740	\$194,880
W-5	LDR	48	\$1,740	\$83,520
Subtotal				\$278,400
Zone 2				
W-1	LDR	35	\$1,740	\$60,900
W-2	LDR	36	\$1,740	\$62,640
W-3A	LDR	112	\$1,740	\$194,880
W-3B	LDR	36	\$1,536	\$55,296
DR-1	LDR	45	\$1,344	\$60,480
DR-2	LDR	72	\$1,536	\$110,592
DR-3	LDR	306	\$1,536	\$470,016
DR-4	LDR	293	\$1,344	\$393,792
Subtotal				\$1,408,596
Total Special Ta	x Revenue			\$1,686,996

'CFD_Rev"

Figure 4 provides an estimate of Phase I and II bond issues and associated costs. To support the estimated first phase bond issue of \$4.3 million, it is estimated that an annual special tax levy of \$412,000 will be required. The total special tax revenue from developed parcels in Phase I is \$278,400 annually, therefore, parcels in Phase II must be taxed a total of \$133,600 to support the bonds for Phase I improvements. The estimated bond proceeds of \$3.6 million are expected to cover all Phase I improvement costs.

At the time Phase II bonds are issued it is assumed that all parcels are taxable thereby generating capacity to issue another approximately \$12.8 million in bonds (approximately \$10.2 million in proceeds). At buildout, total bonds issued would be approximately \$17.1 million generating approximately \$13.8 million in proceeds. If interest rates are higher at the time of the issue, fewer bonds could be issued resulting in a lower amount of bond proceeds.

DEVELOPER FUNDING

Of the total infrastructure costs of \$17.5 million required for this project (see **Figure 2**), \$13.8 million will be funded by the CFD Bond. The remaining \$3.7 million will be funded by the Developer or a secondary source. The following is a list of alternative funding sources that the Developer will use in the event that unexpected changes result in the proposed funding strategy:

- Initial Developer funding with reimbursement from pay-as-you-go revenues
- Pay-as-you-go revenue during construction
- Interest earnings on construction fund

CALCULATION OF MAXIMUM ANNUAL COST

Annual costs funded by special tax collections consist of several components. The first component is debt service on the bonds, which is the annual payment of interest and principal to bond holders. The second component is the annual cost of administering the CFD. Additional costs to replenish the bond reserve fund are also included in CFD annual costs. A fourth cost component provides for tax delinquencies. Provisions for delinquencies are necessary, as some taxpayers may not pay their tax bills promptly. Finally, pay-as-you-go expenditures for authorized facilities may be made using excess special tax proceeds not used for the previously mentioned CFD costs.

The maximum annual cost for the CFD at buildout is estimated to be \$1,686,996. As shown in **Figure 4**, the estimated annual debt service component of this amount is estimated to be \$1.5 million at buildout. This leaves \$197,300 annually to cover City and County administrative costs, delinquency coverage, and pay-as-you-go expenditures for authorized facilities.

Figure 4 Crocker Ranch Development Project Crocker Ranch CFD No. 1 Bond Sizing and Annual CFD Cost Estimates

		Phase I Bond	Phase II Bond	Total Bond
Total Bonds	Assumptions	Issue [1]	Issue(s) [2]	Issues
Bond Proceeds		\$3,580,833	\$10,170,000	\$13,750,833
Capitalized Interest-Phase I Bond Capitalized Interest-Phase II Bond	6 months 12 months	\$146,000	\$864,000	\$146,000 \$864,000
Bond Reserve Fund Formation & Issuance Costs [3]	1 year debt service 5.00%	\$363,000 \$232,000	\$1,123,000 \$640,000	\$1,486,000 \$872,000
Adjustment for Rounding		\$167	\$3,000	\$3,167
Total Bond Size		\$4,322,000	\$12,800,000	\$17,122,000
Estimated Annual CFD Costs				
Estimated Gross Debt Service Delinquency Coverage	10.00%	\$363,000 \$36,300	\$1,123,300 \$112,300	\$1,486,300 \$148,600
Estimated Administrative Costs City of Roseville	2.50%	\$9,100	\$28,100	\$37,200
Placer County	1.00%	\$3,600	\$11,200	\$14,800
Total Annual CFD Costs		\$412,000	\$1,274,996	\$1,686,996
Special Tax Levy [4]				
Zone 1 Parcels	160 units	\$278,400	-	\$278,400
Zone 2 Parcels All Parcels	935 units	\$133,600 \$412,000	\$1,274,996 \$1,274,996	\$1,408,596 \$1,686,996
Assumptions				
Interest Rates Bond Term		6.75% 25 years	7.25% 25 years	n/a n/a
Dona Term		25 years	25 years	11/a

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- [1] Estimate bond sizing is based on special tax capacity for taxable parcels.
- [2] All other bond issues will be supported by revenue from special tax levies on developed and undeveloped units that are not taxed to support the first bond issue.
- [3] Issuance costs include, but are not limited to, the underwriter's discount, bond counsel, appraisal, special tax consultant, consultant and agency staff time for forming the CFD, fiscal or paying agent, financial advisor, bond printing, and official statement.
- [4] Developed parcels (identified as W-4 and W-5) will be taxed in support of the first bond issue. Undeveloped Parcels in Phase II will be taxed \$133,600 in the first year to pay annual costs. Other bond issues will be supported by taxes levied against developed parcels. Undeveloped parcels may be taxed in the event the special tax levy on developed parcels does not cover annual costs in a fiscal year.

Source: EPS

The Tax Formula is designed to provide revenue sufficient to cover the maximum annual cost in any year in which bonds are outstanding. It is also important to note that the maximum annual special tax is established on the assumption that the "estimated residential units" for each large lot parcel will be realized. If the estimated residential units are not the same as the actual units created, the maximum annual special tax per unit may be adjusted so that each large lot parcel generates the maximum annual special tax revenue shown in **Figure 5**, which shows the maximum annual special tax to be assigned to parcels once a final small lot residential map is recorded. **Figure 5** corresponds to **Attachment 1** of the Tax Formula.

Special taxes are levied on a per unit basis and are not escalated.

BOND AUTHORIZATION

The bond authorization for the CFD is approximately \$20.0 million. This amount represents the maximum amount of bonds that can be issued by the CFD.

Figure 5 City of Roseville Crocker Ranch CFD No. 1 Maximum Annual Special Tax By Large Lot Number

			Estimated	
Large Lot	Assessor's	Planned	Maximum Annual	Maximum Annual
Number	Parcel Number	Units	Special Tax Rate [1]	Special Tax
			Per Planned Unit	
W-1	017-114-082	35	\$1,740	\$60,900
W-2	017-114-083	36	\$1,740	\$62,640
W-3A	por. 017-114-084	112	\$1,740	\$194,880
W-3B	por. 017-114-084	36	\$1,536	\$55,296
W-4	017-114-085	112	\$1,740	\$194,880
W-5	017-114-086	48	\$1,740	\$83,520
DR-1	por. 017-114-028	45	\$1,344	\$60,480
DR-2	por. 017-114-028	72	\$1,536	\$110,592
DR-3	por. 017-114-028	306	\$1,536	\$470,016
DR-4	por. 017-114-028	293	\$1,344	\$393,792
DR-50	por. 017-114-028	0	Exempt	\$0
W-50	017-114-087	0	Exempt	\$0
W-51	017-114-088	0	Exempt	\$0
W-52	017-114-089	0	Exempt	\$0
W-53	017-114-090	0	Exempt	\$0
W-80	017-114-091	0	Exempt	\$0
W-81	017-114-092	0	Exempt	\$0
W-82	017-114-089	0	Exempt	\$0
W-83		0	Exempt	\$0
Totals		1,095		\$1,686,996
			Per Gross Acre	
Undeveloped Pa	arcels		\$7,400	

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^[1] Estimated Maximum Annual Special Tax Rate per unit is calculated by dividing the Maximum Annual Special Tax by the number of Planned Units. The Maximum Annual Special Tax per unit will be calculated by dividing the Maximum Annual Special Tax by the actual number units created by a final map. If fewer units are created than estimated in this table, the Maximum Annual Special Tax per unit will increase unless the Special Tax is transferred pursuant to provisions of Section 5.2.

V. STRUCTURE OF THE PROPOSED CFD

DESCRIPTION OF THE CFD

Taxable parcels within the CFD will pay special taxes based upon the Rate and Method of Apportionment, and Manner of Collection of Special Tax (the "Tax Formula"). **Exhibits A** and **B** contain these formation documents for the CFD. **Exhibit A** contains the Rate of Method and Apportionment, and **Exhibit B** provides a list of authorized CFD facilities. The purpose of the CFD is to provide funding for the construction of facilities and infrastructure primarily owned by the City, and the acquisition of all or a portion of the eligible CFD infrastructure and facilities from the developer.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The City shall prepare a list of the parcels subject to the special tax using the most current City records on building permits, and records of the County Assessor. The City shall identify all taxable parcels from a list of all parcels within the CFD by excluding tax-exempt parcels.

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, or to acquire authorized facilities from the developer, and to pay the annual costs. However, in no event shall the special tax be levied after Fiscal Year 2035-2036.

ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAX

The maximum annual special tax for the CFD by Large Lot Number is shown in **Figure 5**. **Figure 5** corresponds to **Attachment 1** of the Tax Formula. Section 5 of the Tax Formula describes the method for assigning the maximum annual special tax to parcels within the CFD. The following section summarizes these procedures.

Each year the administrator uses the definitions contained in the Tax Formula to classify each parcel as tax-exempt or taxable. Each taxable parcel is further classified as a Developed Parcel, Large Lot Parcel, or an Undeveloped Parcel. Taxable Parcels are then classified as being located in Tax Zone 1 or Tax Zone 2, as shown on **Map 1**.

The maximum annual special tax for all developed parcels is assigned using **Attachment 1**. Each Large Lot Parcel shown in **Attachment 1** is assigned a number of Planned Units and a Maximum Annual Special Tax. Section 5 of the Tax Formula describes in detail

how the special tax is further allocated to parcels created when a Large Lot Parcel is further subdivided.

The Maximum Annual Special Tax for an Undeveloped Parcel is calculated by multiplying the Gross Acreage by the Maximum Annual Special Tax Rate for Undeveloped Parcels shown on **Attachment 1**.

SETTING THE ANNUAL SPECIAL TAX RATE FOR TAXABLE PARCELS

After computing the Maximum Annual Special Tax for each parcel, the administrator will then determine the levy for each taxable parcel. To determine the annual levy the administrator will use the process presented in Section 6 of the Tax Formula. **Figure 6** illustrates the order in which different types of parcels should be levied and is meant to supplement the discussion that follows.

Figure 6
Crocker Ranch CFD No. 1 (Infrastructure)
Summary of Process for Setting the Annual Special Tax Rate

Definition of Parcel Type
eveloped Parcel – a single family sidential parcel with a final subdivision ap, or a taxable parcel for a different land se with a building permit. arge Lot Parcel – parcel created by a larget subdivision map adeveloped Parcel – any taxable parcel at is not a developed parcel or a large lot arcel. Refers to DR-1 through DR-4 at CFD rmation.
s a se t

The Special Tax for each Taxable Parcel is computed as follows:

- 1. Compute the Annual Costs for the CFD using the definitions in Section 2 of the Tax Formula.
- 2. Special Tax for Developed Parcels

- Sum the Maximum Annual Special Tax for each Developed Parcels in Tax Zone 1 and Tax Zone 2.
- Compare the Annual Costs with the Maximum Annual Special Tax Revenue from Developed Parcels. If the Annual Costs are less than or equal to the Maximum Annual Special Tax Revenue, tax each Developed Parcel in Tax Zone 1 and Tax Zone 2 only the amount equal to the Annual Costs.
- If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, then go to step 3 below.

3. Special Tax for Large Lot Parcels

- Assign the Special Tax to Large Lot Parcels in Tax Zone 1 proportionately, up
 to the Maximum Annual Special Tax, until the Annual Costs are met. If the
 Annual Cost are still not covered then,
- Assign the Special Tax to Large Lot Parcels in Tax Zone 2 proportionately, up
 to the Maximum Annual Special Tax, until the Annual Costs are met. If the
 Annual Cost are still not covered then,

4. Special Tax for <u>Undeveloped Parcels</u>

- Assign the Special Tax to Undeveloped Parcels in Tax Zone 1
 proportionately, up to the Maximum Annual Special Tax, until the Annual
 Costs are met. If the Annual Cost are still not covered then,
- Assign the Special Tax to Undeveloped Parcels in Tax Zone 2
 proportionately, up to the Maximum Annual Special Tax, until the Annual
 Costs are met.

After the Annual Special Tax is calculated for each Taxable Parcel, the City is directed to prepare the Tax Collection Schedule which is to forwarded to the County Auditor with a request that it be placed on the general, secured property tax roll for the following Fiscal Year.

RECORDS TO BE MAINTAINED

As development and subdivision of the Crocker Ranch takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD, its maximum annual special tax, and the authorized maximum annual special tax on all parcels within in the CFD available for public inspection. This record shall show the maximum annual special tax on all Developed, Large Lot, and Undeveloped Parcels and a brief description of the process of assigning the special tax each time a parcel was created by a Subdivision, including any adjustments due to change in use. The record will also indicate whether a parcel is a Prepayment Parcel (see **Exhibit A** for definition).

PREPAYMENT

Landowners may permanently satisfy all 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 either (i) a whole large lot parcel greater than one acre, or (ii) a Final Use Parcel.
- 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.

Section 7 of the Tax Formula describes the methodology for calculating the prepayment of the special tax obligation.

ADMINISTRATIVE CHANGES AND APPEALS

The City of Roseville Finance Director or designee has the authority to make necessary administrative adjustments to the Tax Formula in order to remedy any portions of the formula that require clarification.

Any taxpayer that 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.

MANNER OF COLLECTION

The special tax will be collected in the same manner and at the same time as *ad valorem* property taxes, unless the City decides to directly bill for the special taxes in another manner, as allowed in the Tax Formula.

VI. FEASIBILITY ANALYSIS

A feasibility analysis of the Crocker Ranch CFD is important because it tests the financial strength of the project and the likelihood that the funding sources used will adequately support the total costs required for developing the necessary infrastructure. Two methods will be used to test the feasibility of the Crocker Ranch financing plan. They are the two percent tax burden test and the value to lien ratios.

TWO PERCENT TAX BURDEN TEST

Under Proposition 13, the State of California legally requires that the total property tax of a developed residential unit should not exceed one percent of the value of the property without two-thirds approval of registered voters. Other bonded debt, special assessments, and other special taxes should also not exceed one percent of the market value of the property. The two-percent tax burden test, therefore, is done in order to assure that the total tax amount will not exceed two percent in total value of the property.

Figure 7 sums the property tax, property tax overrides, estimated landscaping and lighting special taxes, and estimated special taxes for the CFD. A different tax level will be assigned to each of the three varying lot sizes and price ranges for homes in the Crocker Ranch project. The CFD will generate three different tax rates. The total tax burden for three special tax levies range from 1.52 percent to 1.61 percent of the estimated market value of the units. Thus, the proposed special taxes fall within the two-percent threshold.

VALUE TO LIEN RATIOS

In order for bonds to be issued, the value of the land, with the proposed infrastructure improvements, must be at least three times the total value of the bonds, as is legally required by the California Debt Advisory Commission. This relationship is required because the bonds are inherently secured by the value of the land in which it is invested. The estimated total bond issuance for the CFD is approximately \$16.83 million. In order to issue these bonds, the appraised value of the project must be at least \$50.49 million at the final bond issuance. An appraisal will be required within 60 days of each bond sale to validate the value to lien ratio.

An appraisal dated November 8, 2001 was prepared by Seevers-Jordan-Ziegenmeyer for the City. The market value (bulk value) of the CFD, as of October 12, 2001, was \$39,115,000. The first phase of bonds to be issued are estimated to be in the amount of \$4.3 million.

Figure 7 City of Roseville Crocker Ranch CFD No. 1

Comparison of Total Taxes and Assessments to Assessed Value of Homes

Large Lot Parcel	Rates	DR-1, DR-4	DR-2, DR-3, W3-B	W-1, W-2, W-3A,W-4,W-5
Average Home Values [1]		\$266,500	\$301,000	\$394,000
Homeowner's Exemption		(\$7,000)	(\$7,000)	(\$7,000)
Assessed Value of Home [2]		\$259,500	\$294,000	\$387,000
Property Taxes				
Property Tax	1.00%	\$2,595	\$2,940	\$3,870
Ad Valorem Taxes [3]	Varies	\$112	\$127	\$168
Subtotal Property Taxes		\$2,707	\$3,067	\$4,038
Direct Changes				
Direct Charges				
Crocker Ranch CFD No. 1	Flat	\$1,344	\$1,536	\$1,740
Services CFD (Landscaping) [4]	Flat	\$226	\$226	\$226
Subtotal Direct Charges		\$1,570	\$1,762	\$1,966
		* 4 255	* 4 0 * 0	4.5.00.4
Total Annual Assessments/Taxes		\$4,277	\$4,829	\$6,004
Total Annual Assessments/Taxes as a				
Percent of Assessed Value		1.61%	1.60%	1.52%

 $"two_percent"$

Source: JMC, Placer County Auditor-Controller's Office, and EPS.

^[1] As provided by JMC Homes Inc.

^[2] The estimated sales price of the home, minus the homeowner's exemption will be the assessed value likely assigned by the County Assessor.

^[3] All Crocker Ranch homes have a cumulative property tax override rate of 0.004339 percent for FY 2002-2003.

^[4] Annual tax escalation factor applied for FY 2002-2003.



Public Finance Real Estate Economics Regional Economics Land Use Policy

Ехнівіт А

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

EXHIBIT A

CITY OF ROSEVILLE CROCKER RANCH COMMUNITY FACILITIES DISTRICT NO. 1 RATE AND METHOD OF APPORTIONMENT

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 Crocker Ranch 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**

"<u>Act</u>" 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 facilities.

"<u>Anticipated Construction Proceeds</u>" means \$13,750,000 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index.

"Base Year" means Fiscal Year ending June 30, 2002.

"<u>Benefit Share</u>" means the Maximum Annual Special Tax for a Parcel divided by the Maximum CFD Revenue.

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

"**Bond Share**" means the Benefit Share for a Parcel multiplied by the total 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 Crocker Ranch Community Facilities District No. 1 of the City of Roseville.

"City" means the City of Roseville, California.

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

"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.

"Crocker Ranch" means the Crocker Ranch Community Facilities District No. 1 of the City of Roseville.

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

"<u>Developed Parcel</u>" means a Parcel receiving one of the following development approvals from the City where right-of-way for streets and other public facilities are dedicated:

<u>Land Use</u> <u>Development Approval</u>

Single Family Residential - Final Subdivision Map

Other Taxable Land Uses - Building Permit

"<u>Final Subdivision Map</u>" 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.

"Final Use Parcel" means a Parcel with a residential structure and a certificate of occupancy permit and is owned by an individual owner other than the builder. A Final Use Parcel may also be a custom residential lot without a residential structure that is owned by an individual property owner.

"<u>Finance Director</u>" 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.

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

- "<u>Gross Acre(age)</u>" means the acreage of a parcel prior to dedication of right of way for streets, roads, landscaping, and other public purposes.
- "<u>Large Lot Number</u>" means the designation for Large Lot Parcels in the CFD as shown on **Map 1**. The Maximum Annual Special Tax is assigned to each Large Lot Parcel, which is identified by the Large Lot Number, at CFD formation as shown in **Attachment 1**.
- "<u>Large Lot Parcel</u>" means the planned Large Lot Parcels by land use as identified in the North Roseville Specific Plan Phase II and Phase III, or Parcels subsequently created by Large Lot Subdivision Maps.
- "<u>Large Lot Subdivision Map</u>" means a recorded map delineating Parcels by land use and providing an opportunity to transfer ownership of the delineated Parcels.
- "Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year.
- "Maximum CFD Revenue" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD. The Maximum CFD Revenue shall be \$1,686,996. This amount may be adjusted by Resolution of City Council to reflect the actual Maximum Annual Special Tax for all Taxable Parcels.
- "<u>Outstanding Bonds</u>" means the total principal amount of bonds that have been issued by the CFD and not retired or defeased.
- "<u>Outstanding Bond Share</u>" means the amount calculated for a Parcel to prepay the Special Tax obligation for the CFD. This amount is derived by subtracting the Reserve Fund Share from the Bond Share, and adding to that result any costs associated with the redemption of bonds, further delineated in Section 7, Step A.5.
- "Parcel" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County.
- "Pay-As-You-Go" means funding for authorized facilities from accumulated special tax revenues.
- "<u>Planned Unit</u>" means the number of single family residential lots or parcels estimated to be created by a Final Subdivision map for each Large Lot Parcel shown **Attachment 1**.
- "<u>Prepayment</u>" means the full payment of Maximum Annual Special Taxes prior to the termination of Special Taxes for the CFD as a whole.
- "<u>Public Parcel</u>" 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.
- "<u>Reserve Fund</u>" means the total amount held in the bond reserve funds by the City for all Outstanding Bonds.

"Reserve Fund Share" means the lesser of (i) the reserve requirement on all Outstanding Bonds, or (ii) the Reserve Fund balance on all outstanding bonds, multiplied by the Benefit Share for a given Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD as defined by the Annual Costs and as levied pursuant to Section 6 herein.

"Subdivision" means one or more Parcels created through the Subdivision Map Act process.

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

"<u>Tax Zone 1</u>" means that area so designated on **Map 1**, located in the CFD south of the North Branch of Pleasant Grove Creek.

"<u>Tax Zone 2</u>" means that area so designated on **Map 1**, located in the CFD north of the North Branch of Pleasant Grove Creek.

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

"<u>Tax-Exempt Parcel</u>" 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 a Parcel, and (2) any Parcel that has prepaid its Special Taxes under Section 7 hereof.

"<u>Undeveloped Parcel</u>" means any Taxable Parcel that is not a Developed Parcel or a Large Lot Parcel.

3. DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

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

- 1) Exclude all Tax-Exempt Parcels.
- 2) The remaining Parcels are subject to the Special Tax according to the formula detailed below.

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

4. TERMINATION OF THE SPECIAL TAX

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

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

5. ASSIGNMENT OF MAXIMUM ANNUAL SPECIAL TAXES

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

- 1. Classify each Taxable Parcel as a Developed Parcel, Large Lot Parcel, or an Undeveloped Parcel. Taxable Parcels are further classified as being located in Tax Zone 1 or Tax Zone 2, as shown on **Map 1**.
- 2. The assignment of the Maximum Annual Special Tax to Taxable Parcels is as follows:
 - a) <u>Developed Parcels</u> the Maximum Annual Special Tax for all Developed Parcels is assigned using **Attachment 1**. Each Large Lot Parcel shown in **Attachment 1** is assigned a number of Planned Units and an assigned Maximum Annual Special Tax. As Large Lot Parcels are subdivided, the Maximum Annual Special Tax is allocated to Developed Parcels using the following steps.
 - If a Large Lot Parcels shown in **Attachment 1** is subdivided with no remainder parcel, divide the Maximum Annual Special Tax for the Large Lot Parcel by the number of small lot residential Parcels created by the Final Subdivision Map to arrive at the Maximum Annual Special Tax for each Taxable Parcels created.
 - 2) If a Large Lot Parcel is subdivided creating small lot residential Parcels and a remainder Parcel, perform the following steps.
 - (i) Assign the Maximum Annual Special Tax per Planned Unit shown for the Large Lot Parcel in **Attachment 1** to each small lot residential Parcel.
 - (ii) Subtract the number of small lot residential Parcels created by the Final Subdivision Map from the Planned Units for the Large Lot Parcel. Assign the resulting number of Planned Units to the remainder Parcel. If more than one remainder Parcel is created in the subdivision of a Large Lot Parcel, the Planned Units will be assigned to the remainder Parcels based on the development potential of each remainder Parcel.

- (iii) Multiply the Estimated Maximum Annual Special Tax Rate by the number of Planned Units assigned to the remainder Parcel(s) to derive the Maximum Annual Special Tax for the Parcel(s).
- 3) If a Large Lot is developed as other than a single family residential use, the Maximum Annual Special Tax for the Parcel at Developed Parcel status is the Maximum Annual Special Tax for the Large Lot Parcels as shown in **Attachment 1**, or the Maximum Annual Special Tax calculated for remainder Parcels in Step 2) above.
- b) <u>Large Lot Parcels</u> the Maximum Annual Special Tax for all Large Lot Parcels is assigned using **Attachment 1**. A remainder Parcel that is created in Step 5.2.a) 2) above will be considered a Large Lot Parcel.
- c) <u>Undeveloped Parcels</u> the Maximum Annual Special Tax for an Undeveloped Parcel is calculated by multiplying the Gross Acreage by the Maximum Annual Special Tax Rate for Undeveloped Parcels shown on **Attachment 1**.
- d) <u>Conversion of a Tax-Exempt Parcel to a Taxable Parcel</u> 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 Annual Special Tax for each such Parcel shall be set equal to the average Maximum Annual Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.
- e) Taxable Parcels Acquired by a Public Agency A Taxable Parcel 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 Annual 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 Taxable Parcel will be established annually as follows:

- 1) Compute the Annual Costs using the definitions in Section 2.
- 2) Calculate the Special Tax for each Parcel as follows:
 - Step 1: Compute the Annual Costs using the definition of Annual Costs in Section 2.

- Step 2: Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels in Tax Zone 1 and Tax Zone 2 by summing the Maximum Annual Special Tax for each Taxable Parcel.
- Step 3: Compare the Annual Costs with the Maximum Annual Special Tax Revenue from Developed Parcels calculated in the previous step.
- Step 4: If the Annual Costs are less than or equal to the Maximum Annual Special Tax Revenue, levy a proportional amount of the Special Tax on each Developed Parcels in Tax Zone 1 and Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Developed Parcels.
- Step 5: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, levy the Maximum Annual Special Tax on each Large Lot Parcel in Tax Zone 1 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels in Tax Zone 1.
- Step 6: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2 and Large Lot Parcels in Tax Zone 1, levy the Maximum Annual Special Tax on each Large Lot Parcel in Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Large Lot Parcels in Tax Zone 2.
- Step 7: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, and Large Lot Parcels in Tax Zone 1 and Tax Zone 2, levy the Maximum Annual Special Tax on each Undeveloped Parcel in Tax Zone 1 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels in Tax Zone 1.
- Step 8: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels in Tax Zone 1 and Tax Zone 2, Large Lot Parcels in Tax Zone 1 and Tax Zone 2, and Undeveloped Parcels in Tax Zone 1, levy the Maximum Annual Special Tax on each Undeveloped Parcel in Tax Zone 2 to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels in Tax Zone 2.
- 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 the Crocker Ranch takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD, its Maximum Annual Special Tax, and the authorized Maximum Annual Special Tax on all Parcels within in the CFD available for public inspection. This record shall show the Maximum Annual Special Tax on all Developed, Large Lot, and Undeveloped Parcels and a brief description of the process of assigning the Special Tax each time a Parcel was created by a Subdivision, including any adjustments due to change in use. The record will also indicate whether a Parcel is a Prepayment Parcel.

7. PREPAYMENT OF SPECIAL TAX OBLIGATION

With a Prepayment, a landowner may satisfy all of the Special Tax obligation on any given Parcel:

Landowners may permanently satisfy all 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 either (i) a whole Specific Plan Parcel greater than one acre, or (ii) a Final Use Parcel.
- 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.

The Full Prepayment amount shall be established by following the steps in Part A and B, and transfers from the Reserve Fund for a Full Prepayment are described in Part C below.

Part A: Prepayment of Outstanding Bond Share

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

- Step A.2: Determine the Benefit Share by dividing the Maximum Annual Special Tax determined in Step A.1 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 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 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
- Step A.5: Determine the Outstanding Bond Share by adding to the amount calculated in Step A.4 any fees, call premiums, amounts necessy 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 already funded with Special Tax revenues on a pay-as-you-go basis 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 from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the City has funded all authorized CFD facilities 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 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: Transfers

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

Step C.1: Transfer the amount of the Reserve Fund Share.

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 that 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

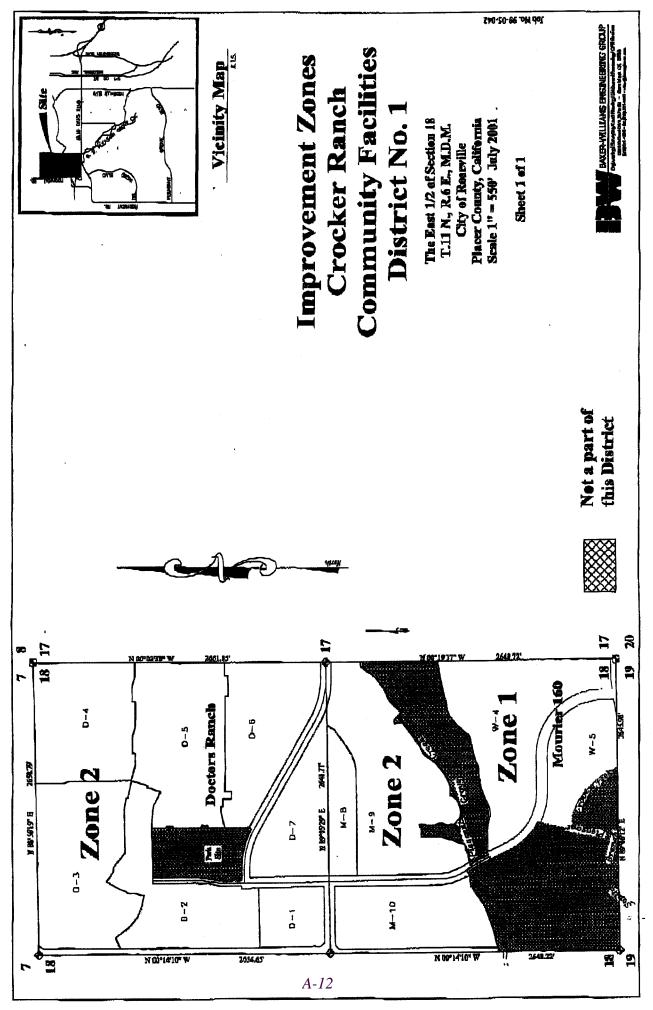
The Special Tax will be collected in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the City or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different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

Attachment 1 City of Roseville Crocker Ranch CFD No. 1 Maximum Annual Special Tax By Large Lot Number

			Estimated	
Large Lot	Assessor's	Planned	Maximum Annual	Maximum Annual
Number	Parcel Number	Units	Special Tax Rate [1]	Special Tax
			D DI 1111	
			<u>Per Planned Unit</u>	
W-1	017-114-082	35	\$1,740	\$60,900
W-2	017-114-083	36	\$1,740	\$62,640
W-3A	por. 017-114-084	112	\$1,740	\$194,880
W-3B	por. 017-114-084	36	\$1,536	\$55,296
W-4	017-114-085	112	\$1,740	\$194,880
W-5	017-114-086	48	\$1,740	\$83,520
DR-1	por. 017-114-028	45	\$1,344	\$60,480
DR-2	por. 017-114-028	72	\$1,536	\$110,592
DR-3	por. 017-114-028	306	\$1,536	\$470,016
DR-4	por. 017-114-028	293	\$1,344	\$393,792
DR-50	por. 017-114-028	0	Exempt	\$0
W-50	017-114-087	0	Exempt	\$0
W-51	017-114-088	0	Exempt	\$0
W-52	017-114-089	0	Exempt	\$0
W-53	017-114-090	0	Exempt	\$0
W-80	017-114-091	0	Exempt	\$0
W-81	017-114-092	0	Exempt	\$0
W-82	017-114-089	0	Exempt	\$0
W-83	01, 111 00,	0	Exempt	\$0
Totals		1,095		\$1,686,996
			<u>Per Gross Acre</u>	
ndeveloped P	arcels		\$7,400	

"att_1"

[1] Estimated Maximum Annual Special Tax Rate per unit is calculated by dividing the Maximum Annual Special Tax by the number of Planned Units. The Maximum Annual Special Tax per unit will be calculated by dividing the Maximum Annual Special Tax by the actual number units created by a final map. If fewer units are created than estimated in this table, the Maximum Annual Special Tax per unit will increase unless the Special Tax is transferred pursuant to provisions of Section 5.2.





Public Finance Real Estate Economics Regional Economics Land Use Policy

EXHIBIT B LIST OF AUTHORIZED FACILITIES

EXHIBIT B

Crocker Ranch 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:

- Blue Oaks Boulevard
- Crocker Ranch Road
- Fiddyment Road
- Casa Sedona Drive
- Opal Drive
- 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, demolition, grading and paving; joint trenches and underground utilities; curbs, gutters, and sidewalks (including sidewalks on some or all of above mentioned roads); street lights (including reimbursements to the City) and signalization; intersection improvements; signs and striping; soundwalls and fencing; and median and corridor landscaping related thereto.

Wastewater System Improvements

Authorized facilities include any and all wastewater facilities designed to meet the needs of development within Crocker Ranch CFD No. 1. These facilities include sewer improvements consistent with the Master Wastewater Plan.

Water System Improvements

Authorized facilities include any and all water facilities designed to meet the needs of development within Crocker Ranch CFD No. 1. These facilities include water distribution facilities including fire hydrants, and related water system improvements; pressure reducing stations, flow meters, and recycled water improvements. Landowner's fair share for the retrofit of water/irrigation system at Diamond Oaks Golf Course.

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.

Electric Facilities

Authorized facilities include on-site and off-site electric distribution facilities.

Park Improvements

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

Masonry Wall/Fencing

Authorized facilities include masonry wall fencing along the projects' northern boundary.

Contributions to City Projects

Authorized facilities include contributions to the following public improvements including but not limited to the following items:

- Construction of the Mahany Community Center and the off-site softball fields;
- Contributions to a transportation study of the Riverside/Cirby intersection;
- Landowners fair share for the update of the City's Bikeway Master Plan and City's short Range and Long Range Transit Master Plans;
- Mahany Park facilities;
- Diamond Oaks Golf Course irrigation facilities;
- Other City park facilities; and
- Other Citywide facility contributions as specified in the Mourier 160 or Doctors Ranch Development Agreement(s) entered into by the Developer and the City of Roseville.

City and County Public Improvements

Public improvements, such as roadways, wastewater system improvements, sewer system improvements, public facility improvements and other capital improvements for which developer impact fees are payable to the City pursuant to approved ordinances or resolutions upon issuance of a building permit or upon final map approval for a single family residence within the CFD are authorized costs under the CFD.

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 or mitigation); 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 Crocker Ranch project; and any other expenses incidental to the construction, completion, and inspection of the facilities.