

CITY COUNCIL OF THE CITY OF ROSEVILLE

RESOLUTION NO. 07- 155

RESOLUTION OF FORMATION OF COMMUNITY FACILITIES DISTRICT AND TO LEVY A
SPECIAL TAX IN
DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)

WHEREAS, on February 21, 2007, this Council adopted Resolution No 07-99 "RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF ROSEVILLE TO FORM COMMUNITY FACILITIES DISTRICT AND LEVY A SPECIAL TAX IN DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES) TO FINANCE THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES IN AND FOR SUCH COMMUNITY FACILITIES DISTRICT" (the "Resolution of Intention") with respect to Diamond Creek Community Facilities District No. 1 (Public Facilities) (the "CFD") of the City pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"); and

WHEREAS, the Resolution of Intention incorporates a map of the proposed boundaries of the CFD, states the facilities and services to be provided, the cost of providing such facilities and services and the rate and method of apportionment of the special tax to be levied within the CFD to pay principal of and interest on bonds proposed to be issued with respect to the CFD, and is on file with the City Clerk and the provisions thereof are incorporated herein by this reference as if fully set forth herein; and

WHEREAS, the owner of all the property in the CFD has requested that the rate and method of apportionment of the special tax for the CFD as referenced in, and adopted with, the Resolution of Intention, be amended; and

WHEREAS, the facilities and services to be provided as stated in the Resolution of Intention are set forth in Exhibit B attached hereto and hereby made a part hereof; and

WHEREAS, this Council noticed a public hearing to be held on April 4, 2007, all pursuant to the Act and the Resolution of Intention relating to the proposed formation of the CFD; and

WHEREAS, at the hearing all interested persons desiring to be heard on all matters pertaining to the formation of the CFD, the facilities to be provided therein and the levy of said special tax were heard and a full and fair hearing was held; and

WHEREAS, at the hearing evidence was presented to this Council on said matters before it, including a CFD Report (the "Report") as to the facilities and services to be provided in the CFD and the costs thereof and incidental expenses related thereto, a copy of which is on file with the City Clerk, and this Council at the conclusion of said hearing is fully advised in the premises; and

WHEREAS, written protests with respect to the formation of the CFD, the furnishing of specified types of facilities and services and the rate and method of apportionment of the special taxes have not been filed with the City Clerk by fifty percent or more of the registered voters residing within the territory of the CFD or property owners of one-half or more of the area of land within the CFD and not exempt from the proposed special tax; and

WHEREAS, the special tax proposed to be levied in the CFD to pay for the proposed facilities and services to be provided therein has not been eliminated by protest by fifty percent or more of the registered voters residing within the territory of the CFD or the owners of one-half or more of the area of land within the CFD and not exempt from the special tax;

NOW THEREFORE, the City Council of the City of Roseville (the "City") resolves:

Section 1. Recitals Correct. The foregoing recitals are true and correct.

Section 2. No Majority Protest. The proposed special tax to be levied within the CFD has not been precluded by majority protest pursuant to section 53324 of the Act.

Section 3. Name of CFD. The community facilities district designated "Diamond Creek Community Facilities District No. 1 (Public Facilities)" of the City is hereby established pursuant to the Act.

Section 4. Boundaries of CFD. The originally proposed boundaries of the district are shown on the Map of Proposed Boundary of a proposed community facilities district to be known as Diamond Creek Community Facilities District No. 1 (Public Facilities), City of Roseville, Placer County, California, on file with the City Clerk, which this Council previously approved and which the City Clerk caused to be recorded in the Placer County Recorder's Office on March 1st, 2007, in Book 3 at Page 60 of Maps of Assessment and Community Facilities Districts.

Section 5. Description of Facilities and Services. The type of public facilities and services proposed to be financed by the CFD and pursuant to the Act shall consist of those items listed as facilities (the "Facilities") and services (the "Services") in Exhibit B hereto and by this reference incorporated herein.

Section 6. Special Tax.

a. Except to the extent that funds are otherwise available to the CFD to pay for the Facilities and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Facilities, and to pay for the Services, a special tax (the "Special Tax") sufficient to pay the costs thereof, secured by the recordation of a continuing lien against all non-exempt real property in the CFD, is intended to be levied annually within the CFD, and collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as may be prescribed by this Council.

b. It is in the best public interest and convenience to grant the request of the owner of all the property in the proposed CFD to make certain changes and modifications to the proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, and in connection therewith, to make certain changes and modifications to the proceedings, and to the Resolution of Intention,

and said proceedings and Resolution of Intention are hereby ordered to be amended and modified as follows: the Rate and Method of Apportionment of the Special Tax for the CFD is hereby amended as set forth in Exhibit A, attached hereto and made a part hereof by reference. The amended Rate and Method of Apportionment of the Special Tax for the proposed CFD adopted hereby shall replace the previously adopted Rate and Method of Apportionment of the Special Tax for the CFD for all purposes. The amended proposed rate and method of apportionment of the Special Tax among the parcels of real property within the CFD, in sufficient detail to allow each landowner within the proposed CFD to estimate the maximum amount such owner will have to pay, are shown in Exhibit A attached hereto and by this reference incorporated herein.

c. In the case of any Special Tax to pay for the Facilities and to be levied against any parcel used for private residential purposes: (i) the maximum special tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes and which amount shall not be increased over time over two percent per year; (ii) the tax year after which no further Special Tax subject to this sentence shall be levied or collected shall be as set forth in Exhibit A hereto; and (iii) under no circumstances will the Special Tax levied against any parcel subject to this sentence be increased as a consequence of delinquency or default by the owner of any other parcel within the CFD by more than ten percent. For the purposes hereof, a parcel is used for "private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

Section 7. Increased Demands. It is hereby found and determined that the Facilities and Services are necessary to meet increased demands placed upon local agencies as the result of development occurring in the CFD.

Section 8. Responsible Official. The office of the Administrative Services Director of the City of Roseville, 311 Vernon Street, Roseville, California 95678 (916-774-5319) is designated as the office responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number, estimating future special tax levies and for establishing procedures to promptly respond to inquiries regarding estimates of future special tax levies. The City may contract with private consultants to provide this service in lieu of the Administrative Services Director.

Section 9. Tax Lien. The Special Tax will be collected and enforced as a separate line item on the regular property tax bill. However, this City Council reserves the right, under Section 53340, to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including, but not limited to, direct billing by the City to the property owners and supplemental billing. In particular, the City may bill the 2007-06 Special Taxes directly, and not post those taxes to the regular, secured property tax roll. The procedure for collection in any case when the City chooses to collect the Special Tax through direct billing shall be as follows:

After levy by the City Council, whether pursuant to authorizing ordinance or annual resolution, the City Administrative Services Director shall cause to be prepared and sent to the property owners by first class U.S. Mail, at their addresses as shown on the last equalized assessment roll, a tax bill, which shall specify the amount due, give instructions for payment to the City Administrative Services Director, state (as is hereby authorized and provided) that the

first installment of the Special Tax (50% of the annual Special Tax shall be payable in each installment) shall be delinquent if not received by the City Administrative Services Director by the close of business on the next succeeding December 10, and the second installment shall be delinquent if not paid by the City Administrative Services Director by the close of business on the next succeeding April 10, shall specify (as is hereby authorized and provided) that all delinquencies shall incur an immediate 10% penalty, and an additional 1 1/2% penalty on the first day of each month beginning with the next succeeding September 1, and shall specify (as is hereby authorized and provided) that delinquencies are subject to judicial foreclosure under the procedure set forth in §53356.1 and following of the Government Code.

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

Section 10. Appropriations Limit. In accordance with the Act, the annual appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of the CFD is hereby preliminarily established at \$2,500,0000 and said appropriations limit shall be submitted to the voters of the CFD as hereafter provided. The proposition establishing said annual appropriations limit shall become effective if approved by the qualified electors voting thereon and shall be adjusted in accordance with the applicable provisions of the Act.

Section 11. Election. Pursuant to the provisions of the Act, the proposition of the levy of the Special Tax and the proposition of the establishment of the appropriations limit specified above shall be submitted to the qualified electors of the CFD at an election the time, place and conditions of which election shall be as specified by a separate resolution of this Council. The qualified electors for the election to be held in these proceedings shall be the landowners owning land within the District. The City Council will conduct the election by mailed ballot and hereby designates the City Clerk as the official to conduct the mailed-ballot election.

Section 12. Advances of Funds. Advances of funds or contributions of work in kind from any lawful source, specifically including owners of property within the District, may be reimbursed from bond proceeds or from special tax revenue or both to the extent of the lesser of the value or cost of the contribution, but any agreement to do so shall not constitute a debt or liability of the City.

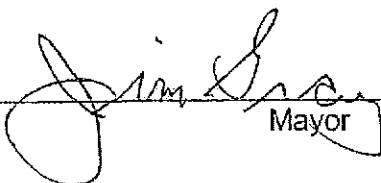
Section 13. Callable Bonds. Any bonds issued in these proceedings shall be callable in accordance with the provisions of the Act and as more specifically to be set forth in any resolution providing for the form, execution and issuance of bonds.

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

* * * * *


I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Roseville, California, at a regularly scheduled meeting thereof, held on the 4th day of April, 2007, by the following vote of the City Council:

AYES:	COUNCILMEMBERS	Allard, Roccucci, Garcia, Garbolino, Gray
NOES:	COUNCILMEMBERS	None
ABSENT:	COUNCILMEMBERS	None
ABSTAIN:	COUNCILMEMBERS	None



Mayor


ATTEST:



City Clerk of the City of Roseville

EXHIBIT A - Rate and Method of Apportionment
EXHIBIT B - List of Authorized Facilities and Services

*The foregoing instrument is a correct copy
of the original on file in this office.*

ATTEST: _____
City Clerk of the City of Roseville, California


DEPUTY CLERK

EXHIBIT A

CITY OF ROSEVILLE DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1 (PUBLIC FACILITIES)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Special Taxes applicable to each Assessor's Parcel in Diamond Creek Community Facilities District No. 1 (Public Facilities) [herein "CFD No. 1" or "the CFD"] shall be levied and collected according to the tax liability determined by the City Council of the City of Roseville, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 1, unless exempted by law or by the provisions of Section H below, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other Development Plan.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out its duties with respect to CFD No. 1 and the Bonds, including, but not limited to, levying and collecting the Special Taxes, the fees and expenses of legal counsel, charges levied by the County, costs related to annexing property into the CFD, costs related to property owner inquiries regarding the Special Taxes, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

"Administrator" means the person or firm designated by the City to administer the Special Taxes according to this RMA.

"Affordable Housing Director" means, at any point in time, the person within the City who serves as head of the department that is in charge of the City's affordable housing program.

“Affordable Unit” means a Unit built within Tax Zone #3 for which an Affordable Purchase Development Agreement has been recorded on title of the property designating the Unit as affordable and resulting in a deed of trust on the Parcel in favor of the City. The City’s Affordable Housing Director shall determine which Units are designated as Affordable Units and maintain an Affordable Unit Listing which shall identify all such Units. The Affordable Unit Listing shall also be updated to reflect those Units no longer qualifying as Affordable Units. The Affordable Unit Listing, which shall contain all qualifying Affordable Units as of April 30, shall be made available to the Administrator by July 1 of each year for purposes of determining the Maximum Special Tax for Parcels pursuant to Sections C and E below.

“Annual Tax Escalation Factor” means, in each Fiscal Year following the Base Year, an increase in the Maximum Special Tax in an amount equal to two percent (2%) of the Maximum Special Tax in effect in the prior Fiscal Year.

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

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

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

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

“Base Year” means Fiscal Year 2007-08.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, issued, insured or assumed by CFD No. 1 related to public infrastructure and/or improvements that are authorized to be funded by CFD No. 1.

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

“Buildable Lot” means an individual lot within a Final Map for which a building permit may be issued without further subdivision of such lot.

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

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

“CFD Maximum Facilities Special Tax Revenue” means the aggregate Maximum Facilities Special Tax revenue that can be collected from all property within CFD No. 1. The CFD Maximum Facilities Special Tax Revenue at the time of CFD Formation is shown in Attachment 2 of this RMA and may be reduced due to prepayments in future Fiscal Years.

“City” means the City of Roseville.

“City Council” means the City Council of the City of Roseville, acting as the legislative body of CFD No. 1.

“Commercial Floor Area” means the square footage of commercial area within a building, including, but not limited to, area used for retail, restaurant, office, and service operations. The Commercial Floor Area shall be determined by the Administrator by reference to the site permit, condominium plan, or building plan for the building, or the original construction building permits issued for individual Parcels within the building.

“County” means the County of Placer.

“Developed Property” means, in any Fiscal Year, the following:

- for Single Family Detached Property, all Parcels for which a Final Map was recorded prior to May 1 of the preceding Fiscal Year
- for Single Family Attached Property, all Parcels for which a use permit or building permit for new construction of a residential structure was issued prior to May 1 of the preceding Fiscal Year.
- for Multi-Family Property, all Parcels for which a use permit or building permit for new construction of a residential structure was issued prior to May 1 of the preceding Fiscal Year.
- for Non-Residential Property, all Parcels for which a building permit for new construction of a building was issued prior to May 1 of the preceding Fiscal Year.

“Development Plan” means a condominium plan, apartment plan, site plan or other development plan that identifies such information as the type of structure, acreage, square footage, and/or number of Units that are approved to be developed on Taxable Property within the CFD. This information may be obtained from the City’s Development Activity Updates, which are published periodically by the City’s Planning Department.

“Expected Commercial Revenue” means the Required Revenue within Tax Zone #3 that is expected to be generated by the Initial Commercial Tax on Commercial Floor Area built within that Tax Zone, as shown in Attachment 2.

“Expected Residential Revenue” means the total Required Revenue for Tax Zone #3 less the Expected Commercial Revenue.

“Expected Units” means the total number of Units expected to be built within Tax Zone #1 and Tax Zone #2 at the time of CFD Formation, as identified in Attachment 2 of this RMA.

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

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds, (ii) to create or replenish reserve funds, (iii) to pay Administrative Expenses, (iv) to cure any delinquencies in the payment of principal or interest on indebtedness of CFD No. 1 which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of the Facilities Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, and (v) to pay construction expenses to be funded directly from Facilities Special Tax proceeds. The amounts referred to in clauses (i) and (ii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to a Bond indenture, Bond resolution, or other legal document that sets forth these terms; (ii) proceeds received by CFD No. 1 from the collection of penalties associated with delinquent Facilities Special Taxes; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

“Final Map” means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates Buildable Lots. The term “Final Map” shall not include any subdivision map or portion thereof, that does not create Buildable Lots, including Assessor’s Parcels that are designated as remainder parcels.

“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 on the following June 30.

“Flat” means any Unit within Tax Zone #3 that is not a Penthouse Condominium or Two-Story Condominium, as defined herein.

“Indenture” means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Initial Commercial Tax” means, in Fiscal Year 2007-08, \$0.36 per square foot of Commercial Floor Area within Tax Zone #3, which amount shall be adjusted beginning in Fiscal Year 2008-09 and each Fiscal Year thereafter, by the Annual Special Tax Escalation Factor.

“Land Use Class” means, individually, Developed Property and Undeveloped Property.

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

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Section D below.

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

“Multi-Family Property” means, in any Fiscal Year, all Parcels in CFD No. 1 for which a building permit was issued or may be issued for construction of a residential structure with multiple units that share common walls, all of which are offered for rent to the general public.

“Penthouse Condominium” means any Unit on the top floor of the residential structure built in Tax Zone #3 that is greater than or equal to 1,000 square feet of living space.

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

“Required Revenue” means the Maximum Facilities Special Tax revenue that, at the time of CFD Formation, was expected to be generated from Taxable Property within each Tax Zone, as identified in Attachment 2 of this RMA. Such amount may be reduced due to prepayments in future Fiscal Years. Required Revenue shall also mean the Maximum Facilities Special Tax assigned to a remainder Parcel within a Final Map pursuant to Sections C.1b and C.2b below.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Services Special Tax” means a Special Tax levied in any Fiscal Year to pay for Authorized Services.

“Single Family Attached Property” means, in any Fiscal Year, all Buildable Lots in CFD No. 1 for which a building permit was issued or may be issued for construction of a residential structure consisting of two or more Units that share common walls and are offered as for-sale Units, including such residential structures that meet the statutory definition of a condominium contained in Civil Code Section 1351.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels in CFD No. 1 for which a building permit was issued or may be issued for construction of a Unit that does not share a common wall with another Unit.

“**Special Tax**” means, collectively, the Facilities Special Tax and the Services Special Tax.

“**Taxable Property**” means all of the Assessor’s Parcels within the boundaries of CFD No. 1 which are not exempt from the Special Tax pursuant to law or Section H below.

“**Taxable Public Property**” means, in any Fiscal Year, all Parcels of Public Property within CFD No. 1 that, based on a tentative map or other Development Plan, were expected to be Taxable Property and, based on this expectation, Maximum Special Taxes were assigned to the Parcels in prior Fiscal Years.

“**Tax Zone**” means one of the three mutually exclusive geographic areas identified in Attachment 1 of this RMA.

“**Two-Story Condominium**” means any Unit within the residential structure built in Tax Zone #3 that has two floors of living space and has a dedicated garage for the exclusive use of the owner of the Unit.

“**Undeveloped Property**” means, in any Fiscal Year, all Parcels of Taxable Property within CFD No. 1 that are not yet Developed Property.

“**Unit**” means (i) for Single Family Detached Property, an individual single-family detached unit, (ii) for Single Family Attached Property, an individual residential unit within a duplex, triplex, fourplex, townhome, or condominium structure and (iii) for Multi-Family Property, an individual apartment unit.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Parcels of Taxable Property within CFD No. 1. The Administrator shall also determine: (i) whether each Assessor’s Parcel of Taxable Property is Developed Property or Undeveloped Property, (ii) for Parcels of Single Family Attached Property, the number of Units on each Parcel, (iii) the number of Affordable Units, Flats, Penthouse Condominiums, and Two-Story Condominiums within Tax Zone #3, (iv) the Commercial Floor Area on each Parcel, and (v) the Facilities Special Tax Requirement. For Single Family Attached Property, the number of Units shall be determined by referencing the Development Plan for the property.

In any Fiscal Year, if it is determined that: (i) a parcel map for property in CFD No. 1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new parcels created by the parcel map, and (iii) one or more of the newly-created parcels is in a different Land Use Class than other

parcels created by the subdivision, the Administrator shall calculate the Special Tax separately for Developed Property and Undeveloped Property within the subdivided area, then levy the sum of these two amounts on the master Parcel that was subdivided by recordation of the parcel map.

Upon recordation of the condominium plan for property in Tax Zone #3, the Affordable Housing Director is to determine the Assessor's Parcels on which Affordable Units will be built. After May 1 of each Fiscal Year, the Administrator shall obtain the Affordable Unit Listing from the Affordable Housing Director to identify such Parcels.

C. CALCULATING THE MAXIMUM FACILITIES SPECIAL TAX

The Administrator shall apply the applicable subsection below to determine the Maximum Facilities Special Tax for each Parcel within each Tax Zone in CFD No. 1:

1. Tax Zone #1

Prior to recordation of a Final Map for property within Tax Zone #1, the Maximum Facilities Special Tax for Parcels within Tax Zone #1 shall be determined as follows:

- Step 1.* By reference to Attachment 2, identify the Required Revenue for Tax Zone #1.
- Step 2.* Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #1 to calculate a Maximum Facilities Special Tax per Acre.
- Step 3.* Multiply the Maximum Facilities Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #1 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Final Map in Tax Zone #1, the Administrator shall apply the appropriate subsection below:

1a. Final Map Includes All Property in Tax Zone #1

Upon recordation of the Final Map, the Administrator shall divide the Required Revenue for Tax Zone #1 by the number of Buildable Lots created within the Final Map to determine the Maximum Facilities Special Tax for each Buildable Lot.

1b. Final Map Includes Only a Portion of the Property in Tax Zone #1

Upon recordation of the Final Map, the Administrator shall review the map provided in Attachment 1 to determine if the number of Buildable Lots within the Final Map area is equal to the Expected Units for that area. If the number of Buildable Lots is greater than or

equal to the Expected Units, the Maximum Facilities Special Tax for each Buildable Lot shall be the Base Maximum Tax for Tax Zone #1 that is shown in Attachment 2.

If fewer Buildable Lots have been created, the Administrator must review current Development Plans for Tax Zone #1 to determine whether the total number of Units expected to be constructed within Tax Zone #1 has been reduced. If lots have shifted but the Expected Units will still be achieved, the Maximum Facilities Special Tax for each Buildable Lot within the Final Map will be the Base Maximum Tax for Tax Zone #1. If the total number of Units in Tax Zone #1 is expected to be less, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Buildable Lot:

Step 1b.1: Divide the Required Revenue for Tax Zone #1 by the number of Buildable Lots that are now expected within Tax Zone #1 to determine the Maximum Facilities Special Tax for each Buildable Lot within the Final Map.

Step 1b.2: For the remaining Parcels of Taxable Property within Tax Zone #1 which are not yet Buildable Lots, multiply the amount calculated in Step 1b.1 by the number of Buildable Lots anticipated on each Parcel based on current Development Plans to calculate the Maximum Facilities Special Tax for each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel of Taxable Property pursuant to Step 1b.2, such amount shall become the Required Revenue for the Parcel for purposes of allocating the Maximum Facilities Special Tax when a subsequent Final Map is recorded.

2. Tax Zone #2

Prior to recordation of a Final Map for property within Tax Zone #2, the Maximum Facilities Special Tax for Parcels within Tax Zone #2 shall be determined as follows:

Step 1. By reference to Attachment 2, identify the Required Revenue for Tax Zone #2.

Step 2. Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #2 to calculate a Maximum Facilities Special Tax per Acre.

Step 3. Multiply the Maximum Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #2 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Final Map in Tax Zone #2, the Administrator shall apply the appropriate subsection below:

1a. Final Map Includes All Property in Tax Zone #2

Upon recordation of the Final Map, the Administrator shall divide the Required Revenue for Tax Zone #2 by the number of Buildable Lots created within the Final Map to determine the Maximum Facilities Special Tax for each Buildable Lot.

1b. Final Map Includes Only a Portion of the Property in Tax Zone #2

Upon recordation of the Final Map, the Administrator shall review the map provided in Attachment 1 to determine if the number of Buildable Lots within the Final Map area is equal to the Expected Units for that area. If the number of Buildable Lots is greater than or equal to the Expected Units, the Maximum Facilities Special Tax for each Buildable Lot shall be the Base Maximum Tax for Tax Zone #2 that is shown in Attachment 2.

If fewer Buildable Lots have been created, the Administrator must review current Development Plans for Tax Zone #2 to determine whether the total number of Units expected to be constructed within Tax Zone #2 has been reduced. If lots have shifted but the Expected Units will still be achieved, the Maximum Facilities Special Tax for each Buildable Lot within the Final Map will be the Base Maximum Tax for Tax Zone #2. If the total number of Units in Tax Zone #2 is expected to be less, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Buildable Lot:

Step 1b.1: Divide the Required Revenue for Tax Zone #2 by the number of Buildable Lots that are now expected within Tax Zone #2 to determine the Maximum Facilities Special Tax for each Buildable Lot within the Final Map.

Step 1b.2: For the remaining Parcels of Taxable Property within Tax Zone #2 which are not yet Buildable Lots, multiply the amount calculated in Step 1b.1 by the number of Buildable Lots anticipated on each Parcel based on current Development Plans to calculate the Maximum Facilities Special Tax for each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel of Taxable Property pursuant to Step 1b.2, such amount shall become the Required Revenue for the Parcel for purposes of allocating the Maximum Facilities Special Tax when a Final Map is recorded.

3. Tax Zone #3

a. Residential Land Uses

Prior to recordation of a condominium plan or other Development Plan that identifies the number, type and size of Units to be constructed within Tax Zone #3, the Maximum Facilities Special Tax for Parcels within Tax Zone #3 shall be determined as follows:

- Step 1.* By reference to Attachment 2, identify the Required Revenue for Tax Zone #3.
- Step 2.* Divide the amount in Step 1 by the total Acreage of Taxable Property within Tax Zone #3 to calculate a Maximum Facilities Special Tax per Acre.
- Step 3.* Multiply the Maximum Special Tax per Acre from Step 2 by the Acreage of each Parcel of Taxable Property within Tax Zone #3 to determine the Maximum Facilities Special Tax for each Parcel for the Fiscal Year.

After recordation of a Development Plan in Tax Zone #3 that identifies the number, type and size of Units to be built within the Tax Zone, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Parcel within Tax Zone #3:

- Step 1.* By reference to Attachment 2, identify the Required Revenue for Tax Zone #3 and, *if the recorded Development Plan includes Commercial Floor Area*, subtract the Expected Commercial Revenue shown in Attachment 2 from the Required Revenue for Tax Zone #3 to calculate the Expected Residential Revenue.
- Step 2.* Based on information provided in the condominium plan or other Development Plan for Tax Zone #3, determine the number of Units within each Product Type shown in Table 1 below.

**TABLE 1
PRODUCT TYPE AND EQUIVALENT DWELLING UNIT FACTORS**

<i>Product Type</i>	<i>Equivalent Dwelling Unit Factor</i>
Flats	1.00 per Unit
Two-Story Condominium Units	1.50 per Unit
Penthouse Units	1.75 per Unit
Affordable Unit	0.50 per Unit

- Step 3.* Multiply the number of Units expected within each Product Type by the assigned Equivalent Dwelling Unit (EDU) Factor for each Product Type to calculate the total EDUs created within the condominium plan.
 - Step 4.* Divide the amount calculated in Step 1 by the number of EDUs calculated in Step 3 to determine the Maximum Facilities Special Tax per EDU.
 - Step 5.* If (i) the Maximum Facilities Special Tax per EDU determined in Step 4 is less than or equal to \$750 in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter) or if the Maximum Facilities Special Tax is greater than \$750 in Fiscal
-

Year 2007-08 dollars (to be escalated 2% per year thereafter) but there is no Commercial Floor Area within the building, proceed to Step 6.

If the Maximum Facilities Special Tax per EDU calculated in Step 4 is greater than \$750 in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter) **and** if there is Commercial Floor Area within the building, the Administrator shall apply the following steps:

- Step 5a.* Calculate the Special Tax revenue that can be generated from all Units within the building assuming a Maximum Facilities Special Tax of \$750 per EDU in Fiscal Year 2007-08 dollars (to be escalated 2% per year thereafter);
 - Step 5b.* Subtract the amount calculated in Step 5a from the amount calculated in Step 1;
 - Step 5c.* Divide the amount determined in Step 5b by the square footage of Commercial Floor Area within the building, which amount shall be included as part of the Maximum Facilities Special Tax per square foot of Commercial Floor Area as discussed further in Section C.3.b. below;
 - Step 5d.* For purposes of Step 6 below, use a Maximum Special Tax per EDU of \$750 in Fiscal Year 2007-08 dollars, escalated 2% per year thereafter.
- Step 6.* Multiply the Maximum Facilities Special Tax per EDU from Step 5 by the EDU factor for each Product Type to determine the Maximum Facilities Special Tax per Unit within each Product Type.
- Step 7.* Determine the Product Type being constructed on each Parcel within Tax Zone #3 on which Units will be built and assign the appropriate Maximum Facilities Special Tax determined in Step 6 to each Parcel.

Once a Maximum Facilities Special Tax has been assigned to a Parcel, the Maximum Facilities Special Tax shall never be reduced regardless of changes in Product Type on the Parcel in future Fiscal Years.

b. Commercial Floor Area

The Maximum Facilities Special Tax for Commercial Floor Area within Tax Zone #3 shall be the sum of (i) the amount determined by dividing the Expected Commercial Revenue shown in Attachment 2 by the Commercial Floor Area created or to be created within Tax Area #3 pursuant to

the appropriate Development Plan, and (ii) the amount determined in Step 5c above, if applicable. If no Commercial Floor Area is reflected in the Development Plan, the Required Revenue for Tax Zone #3 shall all be Expected Residential Revenue for purposes of applying Section C.3.a. above.

D. MAXIMUM SERVICES SPECIAL TAX

The Maximum Services Special Tax for all Parcels of Developed Property in Fiscal Year 2007-08 is \$18 per Unit (including Affordable Units) or Buildable Lot. The Services Special Tax shall only be levied on Single Family Detached Property, Single Family Attached Property, and Multi-Family Property within the CFD.

E. CHANGES TO THE MAXIMUM SPECIAL TAX

1. Annual Escalation of Special Taxes

Beginning in Fiscal Year 2008-09, and each Fiscal Year thereafter, the Maximum Facilities Special Tax and the Maximum Services Special Tax for each Parcel in CFD No. 1, and the Required Revenue for each Tax Zone, shall be adjusted by the Annual Special Tax Escalation Factor.

2. Affordable Units that Become Market-Rate Units

If, in any Fiscal Year, the Affordable Housing Director determines that a Unit in Tax Zone #3 that had previously been designated as an Affordable Unit no longer qualifies as such, the Affordable Housing Director shall update the Affordable Unit Listing by denoting the change in status of the Unit, together with the effective date thereof. The Maximum Facilities Special Tax on the Unit that no longer qualifies as an Affordable Unit shall be increased to double the amount that would have applied in that Fiscal Year if the Unit had remained as an Affordable Unit. In subsequent Fiscal Years, this increased Maximum Facilities Special Tax shall continue to escalate two percent (2%) per year.

3. Conversion of a Parcel of Public Property to Private Use

If, in any Fiscal Year, a Parcel of Public Property is converted to private use, such Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Parcel shall be determined based on the average Maximum Special Tax per unit or acre for Parcels with similar land use designations, as determined by the Finance Director.

F. METHOD OF LEVY OF THE SPECIAL TAX

1. Facilities Special Tax

Each Fiscal Year, the Administrator shall determine the Facilities Special Tax Requirement for that Fiscal Year and levy the Facilities Special Tax on all Parcels of Taxable Property as follows:

Step 1: The Facilities Special Tax shall be levied proportionately on each Parcel of Developed Property within the CFD up to 100% of the Maximum Facilities Special Tax for each Parcel for such Fiscal Year until the amount levied on Developed Property is equal to the Facilities Special Tax Requirement prior to applying Capitalized Interest that is available under the applicable Indenture;

Step 2: If additional revenue is needed after Step 1 in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied proportionately on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Facilities Special Tax for each Parcel for such Fiscal Year;

Step 3: If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Public Property, up to 100% of the Maximum Facilities Special Tax assigned to each Parcel.

2. Services Special Tax

Each Fiscal Year, the Maximum Services Special Tax shall be levied on all Parcels of Developed Property within the CFD that are Single Family Detached Property, Single Family Attached Property, or Multi-Family Property.

G. COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments of the Facilities Special Tax are permitted as set forth in Section I below and provided further that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or other available methods.

The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of constructing or acquiring authorized facilities from Facilities Special Tax

proceeds have been paid, and all Administrative Expenses have been reimbursed. However, in no event shall a Facilities Special Tax or a Services Special Tax be levied after Fiscal Year 2040-41. Under no circumstances may the Facilities Special Tax on one Parcel in the CFD be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels in the CFD.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on Public Property, except Taxable Public Property, as defined herein. In addition, no Special Tax shall be levied on Parcels that are not Public Property but are (i) designated as permanent open space or common space on which no structure is permitted to be built, (ii) owned by a public utility for use as an unmanned facility, or (iii) subject to an easement that precludes any other use on the Parcel. Notwithstanding the foregoing, if a Maximum Facilities Special Tax was assigned to a Parcel, and the entire Parcel ends up subject to one of the exemptions set forth above, the Parcel shall remain subject to the Facilities Special Tax until a prepayment is received that releases such Parcel from the Facilities Special Tax obligation.

I. PREPAYMENT OF FACILITIES SPECIAL TAX

The following definitions apply to this Section I:

“Outstanding Bonds” means all Previously Issued Bonds which remain outstanding, with the following exception: if a Facilities Special Tax has been levied against, or already paid by, an Assessor’s Parcel making a prepayment, and a portion of the Facilities Special Tax will be used to pay a portion of the next principal payment on the Bonds that remain outstanding (as determined by the Administrator), that next principal payment shall be subtracted from the total Bond principal that remains outstanding, and the difference shall be used as the amount of Outstanding Bonds for purposes of this prepayment formula.

“Previously Issued Bonds” means all Bonds that have been issued on behalf of the CFD prior to the date of prepayment.

“Public Facilities Requirements” means either \$5,625,000 in 2007 dollars, which shall increase on January 1, 2008, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such other number as shall be determined by the City to be an appropriate estimate of the net construction proceeds that will be generated from all Bonds that have been or are expected to be issued on behalf of CFD No. 1.

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

1. *Full Prepayment*

The Facilities Special Tax obligation applicable to an Assessor’s Parcel in the CFD may be prepaid and the obligation of the Assessor’s Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if (i) the Parcel is part of a recorded Development Plan that allows the Administrator to identify the final land uses on the Parcel for purposes of applying this RMA, and (ii) there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax obligation shall provide the City with written notice of intent to prepay. The Services Special Tax obligation may not be prepaid. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment amount for such Assessor’s Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

	Bond Redemption Amount
plus	Remaining Facilities Amount
plus	Redemption Premium
plus	Defeasance Requirement
plus	Administrative Fees and Expenses
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be determined by application of the following steps:

- Step 1. Determine the Maximum Facilities Special Tax that could be collected from the Assessor’s Parcel prepaying the Facilities Special Tax in the Fiscal Year in which prepayment would be received by the City.
 - Step 2. Divide the Maximum Facilities Special Tax from Step 1 by the CFD Maximum Facilities Special Tax Revenues for the Fiscal Year in which prepayment would be received by the City.
 - Step 3. Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the “Bond Redemption Amount”*).
-

- Step 4. Compute the current Remaining Facilities Costs (if any).
- Step 5. Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6. Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7. Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.
- Step 8: Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9: Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (*the "Defeasance Requirement"*).
- Step 10. Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (*the "Administrative Fees and Expenses"*).
- Step 11. If and to the extent so provided in the indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (*the "Reserve Fund Credit"*).
- Step 12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (*the "Prepayment Amount"*).

2. *Partial Prepayment*

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment, except that the full amount of administrative fees and

expenses determined in Step 10 shall be included in the partial prepayment. The Maximum Facilities Special Tax that can be levied on a Parcel after a partial prepayment is made is equal to the Maximum Facilities Special Tax that could have been levied prior to the prepayment, reduced by the percentage of the full prepayment that the partial prepayment represents, all as determined by or at the direction of the Administrator.

J. INTERPRETATION OF SPECIAL TAX FORMULA

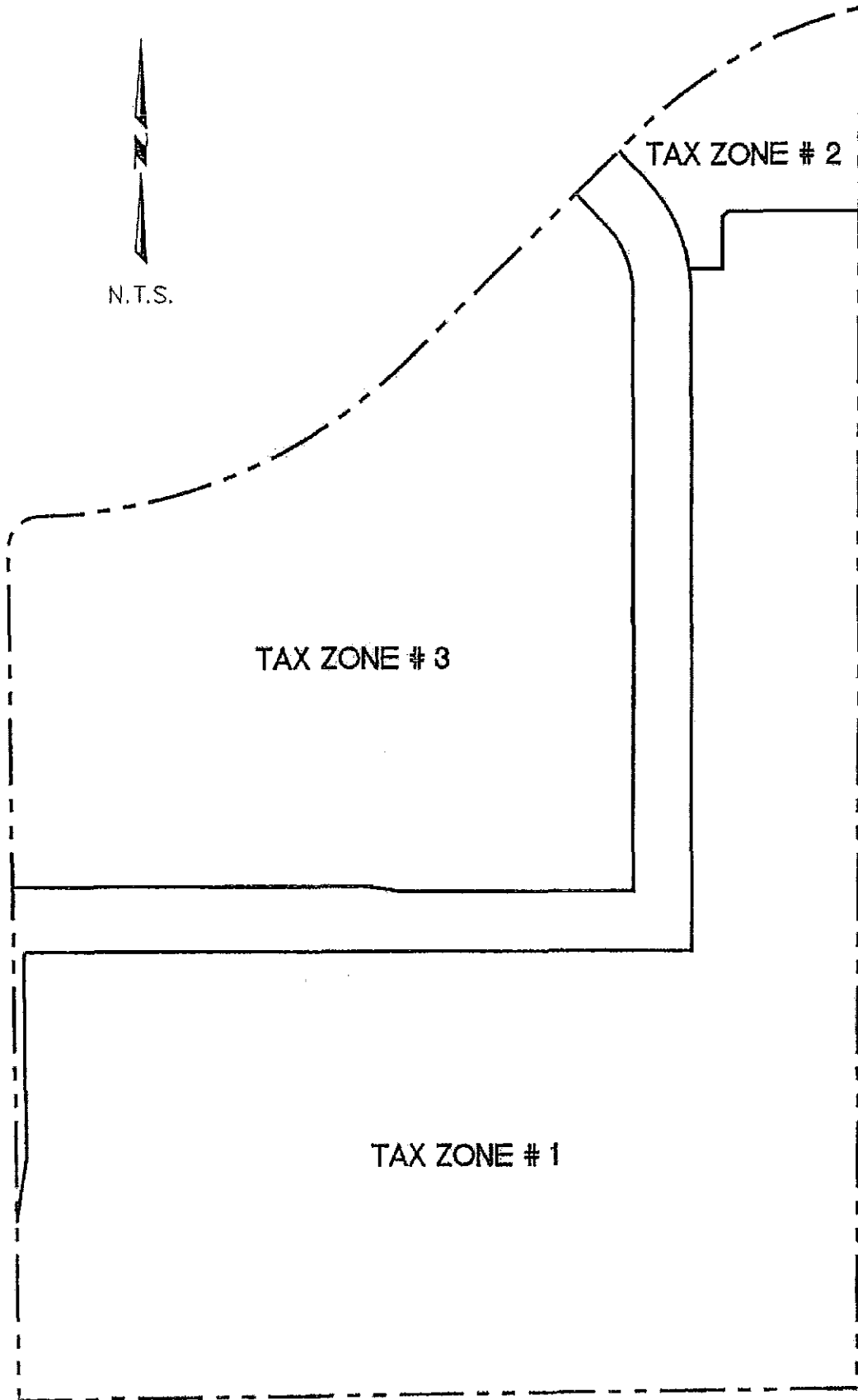
The City reserves the right to make minor administrative and technical changes to this document that does not materially affect the rate and method of apportioning the Special Taxes. In addition, the interpretation and application of any section of this document shall be left to the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this RMA.

DIAMOND CREEK DC-31 TAX ZONES

JANUARY 25, 2007



N.T.S.



UBORA ENGINEERING & PLANNING, INC. 10000 BUCKLEBOURNE DRIVE, SUITE 100, ROCKVILLE, MD 20850

ATTACHMENT 2

**CITY OF ROSEVILLE
DIAMOND CREEK COMMUNITY FACILITIES DISTRICT NO. 1
(PUBLIC FACILITIES)**

· EXPECTED LAND USES AND REQUIRED REVENUES

Tax Zone	Expected Land Uses	Base Maximum Tax Fiscal Year 2007-08 *	Required Revenues Fiscal Year 2007-08 *
Tax Zone #1	131 Units	\$1,425 per Unit	\$186,675
Tax Zone #2	8 Units	\$1,100 per Unit	\$8,800
Tax Zone #3	75,000 commercial square feet	\$0.36 per square foot of Commercial Floor Area	\$27,000
	Units	Per Unit amount to be determined per Section C.3.a of the RMA	\$219,525
CFD Maximum Facilities Special Tax Revenue			\$442,000

* *These amounts apply only to the Facilities Special Tax; the Services Special Tax is identified in Section D above and is not part of the Required Revenues. Beginning in Fiscal Year 2008-09, and each Fiscal Year thereafter, the Base Maximum Special Tax and Required Revenues for each Tax Zone shall be adjusted by the Annual Special Tax Escalation Factor.*

EXHIBIT B

Diamond Creek Community Facilities District No. 1 (Public Facilities)

City of Roseville, California

LIST OF AUTHORIZED FACILITIES AND SERVICES

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

Transportation Improvements

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 Diamond Creek 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 Diamond Creek 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.

Drainage System Improvements

Authorized facilities include any and all drainage and storm sewer improvements designed to serve the needs of development within Diamond Creek CFD No. 1, including, but not limited to pipelines and appurtenances, temporary drainage facilities,

detention basins, drainage pretreatment facilities and annual charges for storm drainage maintenance.

Park Improvements

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

City 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; project management, plan check, inspection, and other costs associated with construction of eligible improvements; costs associated with the creation of the Mello-Roos CFD; issuance of bonds; determination of the amount of taxes, collection of taxes; payment of taxes; or costs otherwise incurred in order to carry out the authorized purposes of the CFD; reimbursements to other areas for infrastructure facilities serving the Diamond Creek project; and any other expenses incidental to the construction, completion, and inspection of the facilities.

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