

## RESOLUTION NO 2005-345

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND  
EXECUTE AN AGREEMENT WITH SACRAMENTO COUNTY FOR FLEET VEHICLE  
MAINTENANCE AND REPAIR FOR POLICE VEHICLES

**WHEREAS**, the City Council took action to serve notice to Sacramento County that the City would be terminating its contract for police services and establishing a municipal police department; and

**WHEREAS**, the municipal police department required that the city purchase, operate and maintain a fleet of vehicles. The County is willing and able to provide vehicle maintenance and repairs for police vehicles.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Elk Grove hereby:

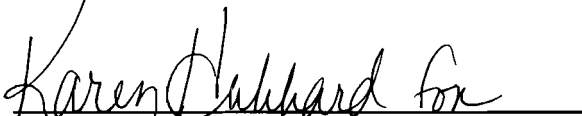
Authorizes the City Manager or his designee to:

- Waive the competitive bid process and approval of agreement for fleet maintenance and repair between the County of Sacramento and the City of Elk Grove.

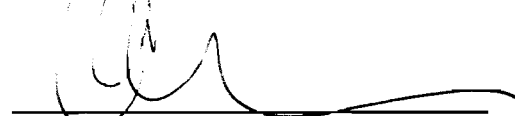
**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 9th day of November 2005.

  
\_\_\_\_\_  
DANIEL BRIGGS, MAYOR of the  
CITY OF ELK GROVE

ATTEST:

  
\_\_\_\_\_  
PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:

  
\_\_\_\_\_  
ANTHONY B. MANZANETTI,  
CITY ATTORNEY

**CERTIFICATION**  
**ELK GROVE CITY COUNCIL RESOLUTION NO. 2005-345**

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

*I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 9th day of November, 2005 by the following vote:*

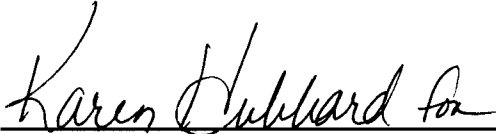
**AYES 3:**                    **COUNCILMEMBERS:** *Briggs, Scherman, Soares*

**NOES 0:**                   **COUNCILMEMBERS:**

**ABSTAIN 2:**               **COUNCILMEMBERS:** *Cooper, Leary*

**ABSENT 0:**               **COUNCILMEMBERS:**

**RECUSAL 0:**              **COUNCILMEMBER:**

  
\_\_\_\_\_  
**Peggy E. Jackson, City Clerk**  
**City of Elk Grove, California**

**RESOLUTION NO. 2005-346**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE  
DECLARING ITS INTENTION TO ESTABLISH  
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAGUNA RIDGE),  
TO LEVY A SPECIAL TAX TO PAY FOR CERTAIN PUBLIC FACILITIES  
AND SERVICES, AND TO INCUR A BONDED INDEBTEDNESS TO PAY FOR  
CERTAIN PUBLIC FACILITIES AND TO PROVIDE FOR  
FUTURE ANNEXATION OF TERRITORY**

**WHEREAS**, the City Council has adopted local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53311) of the California Government Code) (the "Act");

**WHEREAS**, City staff has reviewed an application from owners of property in a portion of the Laguna Ridge Specific Plan area (the "Landowners") requesting the City to provide financing under the Act; and staff has recommended that the City Council grant the owners' request;

**WHEREAS**, the City Council has duly considered the advisability and necessity of establishing a community facilities district pursuant to the Act encompassing a portion of the Laguna Ridge Specific Plan area and levying a special tax therein to finance the acquisition and construction costs of certain public capital facilities and to pay the cost of certain services;

**WHEREAS**, the City Council has determined that the establishment of the proposed community facilities district is consistent with and follows the City's goals and policies for use of the Act;

**WHEREAS**, the City Council intends to finance all or a portion of the Facilities through the issuance of bonds, the payment of the principal of and interest on which will be secured by the special tax that the City Council has proposed to levy in the District;

**WHEREAS**, the City Council has determined that public convenience and necessity require that all the territory in the Laguna Ridge Specific Plan area not initially included in the community facilities district be annexed into it in the future;

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

1. **Recitals**. The above recitals are true and correct.
2. **Intent to Establish Community Facilities District**. The City Council hereby grants the request of the Landowners and declares that it proposes and intends to establish a community facilities district pursuant to the provisions of the Act, in the manner described below.

3. **Description of Boundaries and Territory Proposed to Be Annexed in the Future.** The proposed boundaries of the community facilities district and the territory proposed to be annexed in the future are shown on a map on file in the office of the City Clerk. (Parcels within the territory proposed to be annexed in the future may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed.) The City Council hereby directs the City Clerk to endorse the certificates set forth on the map indicating its filing in the office of the City Clerk and evidencing the date and adoption of this resolution. The City Council further directs the City Clerk to record a copy of the map with the Sacramento County Recorder within 15 days after the adoption of this resolution, in accordance with the provisions of Section 3111 of the California Streets and Highways Code.

4. **Name of the Community Facilities District.** The community facilities district proposed to be formed shall be known as "Community Facilities District No. 2005-1 (Laguna Ridge)" (the "District").

5. **Description of Public Facilities and Services; Plan for Sharing Facilities and Providing Services.** The facilities proposed to be financed by the District, which include completed facilities (the "Facilities"), and the services proposed to be financed by the District (the "Services") are described in Exhibit A hereto. The Facilities have a useful life of five years or longer. The cost of financing the acquisition and construction of the Facilities and the provisions of the Services includes "incidental expenses," which include the cost of planning and designing the Facilities and environmental evaluations thereof; costs associated with the creation of the District, issuance of bonds, determination of the amount of special taxes, collection or payment of special taxes, or costs otherwise incurred in order to carry out the authorized purposes of the District; and any other expenses incidental to the design, construction, completion, and inspection of the Facilities. The Services authorized to be financed by the District are in addition to those currently provided in the territory of the District and do not supplant services already available within that territory. The public facilities and services that are financed from taxes collected in the District will be used or shared by residents of the area originally included in the District CFD and residents of the territory proposed to be annexed in the future on the same basis.

6. **Levy of Special Tax.** Except where funds are otherwise available, a special tax sufficient to pay the costs of the Facilities and the Services (including incidental expenses and debt service on bonds issued to finance the Facilities), secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually within the District (and within the territory proposed to be annexed in the future, upon its annexation). The rate, method of apportionment, and manner of collection of the special tax are specified in Exhibit B. Exhibit B specifies the conditions under which the special tax to pay for the Facilities may be prepaid and permanently satisfied. Exhibit B also specifies the year after which no further special tax levied to pay for the Facilities shall be levied against any parcel used for private residential purposes. Under no circumstances will the special tax levied against any parcel used for private residential purposes to pay for the Facilities be increased by more than ten

percent as a consequence of delinquency or default by the owner of any other parcel or parcels of land within the District.

7. **Declaration of Necessity to Incur Debt.** In order to finance the acquisition and construction costs of the Facilities and the incidental expenses thereof, it is necessary to incur bonded indebtedness.

8. **Purpose of Debt.** The proposed bonded indebtedness would be incurred for the purpose of construction and acquisition of the Facilities, payment of the incidental expenses of such construction and acquisition, payment of the costs and issuance of the bonds, funding capitalized interest, funding a debt service reserve fund, repayment of funds advanced, and payment of other costs authorized by the Act.

9. **Amount of Proposed Debt.** The amount of the proposed bonded indebtedness to be incurred is \$225,000,000.

10. **Repayment of Advances.** The City and the owners of property within the District have entered into an "Agreement for Advance of Funds" pursuant to which the property owners have deposited funds with the City for the payment of certain costs related to the establishment of the District. To the extent proceeds of any bonds issued are sufficient therefor (as determined by the City), the City proposes to repay a portion of the funds advanced and may also repay the value or cost (whichever is less) of any work-in-kind advanced.

11. **Public Hearing.** The City Council hereby fixes 6:30 p.m., or as soon thereafter as practicable, on Wednesday, December 14, 2005, at the regular meeting place of the City Council, City Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place for a consolidated public hearing on the questions of the establishment of the District, the incurrence of bonded indebtedness, and the proposal to annex territory in the future.

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

13. **Hearing Report.** The City Council directs the Public Works Director to study the proposed District and, at or before the time of the hearing, to cause to be prepared and filed with the City Council a report containing a brief description of the facilities and services by type that will in his opinion be required to adequately meet the needs of the District, his estimate of the cost of providing those public facilities and services; the fair and reasonable cost of any of the facilities to be purchased; and the fair and reasonable cost of incidental expenses to be incurred in connection therewith.

14. **Description of Proposed Voting Procedures.** If, at the conclusion of the public hearing, the City Council adopts a resolution establishing the District, the City Council proposes to order an election by mailed ballot and submit the question of the

levy of the special tax, the incurrence of bond indebtedness, and the establishment of an appropriations limit for the District to the qualified electors. The City Council hereby determines that the Facilities are necessary to meet increased demands placed upon the City and other local agencies as a result of development occurring within the boundaries of the District. Because fewer than twelve registered voters currently reside within the District, the qualified electors shall be the landowners within the District, and each landowner who is the owner of record at the close of the hearing shall have one vote for each acre or portion of an acre of land that such landowner owns within the proposed District.

15. **Mailing Ballots.** In anticipation of its action on December 14, 2005, to call the election and the formation of the District for the same date, pursuant to waiver of election time limits from the landowners, the City Council hereby authorizes the City Clerk to mail to each landowner in the territory proposed to be included within the District a ballot in the form set forth in Exhibit D hereto.

16. **Tender of Bonds for Payment of Taxes.** The City Council reserves to itself the right and authority to allow any interested owner of property within the District, subject to the provisions of Government Code section 53344.1 and to those conditions it may impose, and any applicable prepayment penalties as described in a fiscal agent agreement or comparable document providing for the issuance of bonds, to tender to the City's Finance Director in full payment or part payment of any installment of the special taxes or the interest or penalties thereon that may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender.


**PASSED AND ADOPTED** by the City Council of the City of Elk Grove this 9<sup>th</sup> day of November 2005.

  
\_\_\_\_\_  
DANIEL BRIGGS, MAYOR of the  
CITY OF ELK GROVE

APPROVED AS TO FORM:

  
\_\_\_\_\_  
ANTHONY MANZANETTI  
CITY ATTORNEY

ATTEST:

  
\_\_\_\_\_  
PEGGY E. JACKSON, CITY CLERK

**CERTIFICATION**  
**ELK GROVE CITY COUNCIL RESOLUTION NO. 2005-346**

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

*I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 9th day of November, 2005 by the following vote:*

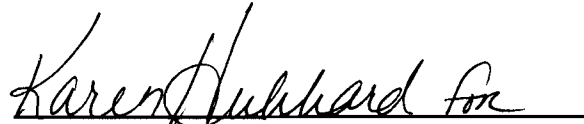
**AYES 5:**                    **COUNCILMEMBERS:** *Briggs, Scherman, Soares, Cooper, Leary*

**NOES 0:**                   **COUNCILMEMBERS:**

**ABSTAIN 0:**               **COUNCILMEMBERS:**

**ABSENT 0:**               **COUNCILMEMBERS:**

**RECUSAL 0:**              **COUNCILMEMBER:**

  
\_\_\_\_\_  
**Peggy E. Jackson, City Clerk**  
**City of Elk Grove, California**

## EXHIBIT A

### Public Capital Facilities and Services

Authorized facilities, services, and costs that may be funded through the Community Facilities District (CFD) include the following public improvements, development impact fees, public services, and formation and administrative expenses:

#### PUBLIC IMPROVEMENTS

##### **Transportation Improvements**

Authorized facilities include the following transportation-related improvements:

- Bruceville Road;
- Bilby Road;
- Kammerer Road;
- Big Horn Boulevard;
- Whitelock Parkway;
- Old Poppy Ridge Road;
- Lotz Parkway;
- Laguna Springs Drive;
- West Stockton Boulevard;
- Civic Center Drive; and
- Other public roadway improvements required to meet the needs of the project.

Eligible transportation-related facility improvements include, but are not limited to: grading and paving; existing pavement removal; joint trenches; utility relocations and underground utilities; curbs; gutters; bridge and/or box culvert crossings; street lights and signalization; signage and striping; and median landscaping related thereto. Eligible improvements also include reconstruction of roads (wherever located) damaged during the development of the land within the CFD.

##### **Wastewater System Improvements**

Authorized facilities include any and all on- and off-site wastewater conveyance and collection facilities designed to meet the needs of development within the CFD. These facilities include, but are not limited to: gravity sewer lines; force mains; lift stations; odor-control facilities; and related wastewater improvements.

##### **Potable and Non-Potable Water System Improvements**

Authorized facilities include any and all on- and off-site water facilities designed to meet the needs of development within the CFD. These facilities include, but are not limited to: wells and well facilities, potable and non-potable water transmission and distribution facilities (including fire hydrants); water treatment and storage facilities; pressure



reducing stations; pumps; flow meters; and related potable and non-potable water system improvements.

### **Drainage System Improvements**

Authorized facilities include any and all on- and off-site drainage and storm water conveyance improvements designed to serve the needs of development within the CFD. These facilities include, but are not limited to: pipelines and appurtenances; drainage channels; detention basins; water quality improvements (including basins); and related drainage system improvements.

### **Landscaping Improvements**

Authorized facilities include any and all landscaping improvements designed to serve the needs of development within the CFD. These facilities include, but are not limited to: grading; turf and irrigation; trees and shrubs; sidewalks, pathways, and trails; masonry soundwalls; entry monumentation and signage; and other related hard and soft-scape improvements along roadways and adjacent to or within parks, open space, drainage channels, and detention basins.

### **Parks and Parkways**

Authorized facilities include any and all park and parkway improvements designed to serve the needs of development within the CFD. These facilities include, but are not limited to: grading, turf and irrigation, trees and shrubs, sports fields/courts, playground equipment, signage, and other related hard and soft-scape improvements within parks and parkways.

### **Other Public Facility Improvements or Costs**

Authorized facilities also include a funding share of a community center, recreation center, sports (including aquatics) facilities, cultural arts facilities, museum, and library.

### **DEVELOPMENT IMPACT FEES**

Eligible expenditures include prepayment of development impact fees applicable to new development within the CFD. The following development impact fees will be eligible for prepayment:

- City of Elk Grove Roadway Fee;
- Proposed Laguna Ridge Park Development Fee;
- Sacramento County Zone 11A Drainage Fees;
- Sacramento County Zone 40 Water Fees; and
- Sacramento County Sanitation District No. 1 Fees.

## FORMATION AND ADMINISTRATIVE 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, permitting, and designing the facilities (including the cost of environmental evaluation and environmental remediation/mitigation); land acquisition for authorized CFD facilities; project management, 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 development within the CFD; and any other expenses incidental to the construction, completion, and inspection of the facilities.

## PUBLIC SERVICES

Services to be funded by the collection of annual special taxes in the Community Facilities District No. 2005-1 (Laguna Ridge) are listed below.

- Maintenance of public parkways, public parks, open space, landscape setbacks, bike and other paths, and landscaped medians in and adjacent to roadways within the CFD, including tree, shrub, lawn, and ground cover care; mowing; weed control; pruning; fertilization; litter removal; tree and shrub well maintenance; irrigation system inspections; and repair and replacement of vegetation and other physical features and systems.
- Maintenance of environmental preserves, which are retained and used as open space recreational lands, to the extent allowed by, and fulfilling the requirements of, the U.S. Corp of Engineers 404 permit (e.g., passive recreation, informational signage, litter collection and other non-obtrusive activities) and the associated performance and management of environmental mitigation monitoring and annual reporting necessary to assure proper maintenance of these lands.
- Maintenance of publicly-owned masonry soundwalls, barrier and property fencing, including but not limited to , enhanced wood or concrete fences, ornamental iron fences, post-and-cable fences, and pedestrian bridges constructed within or over public lands, easements or rights-of-way as specified in the Laguna Ridge Design Guidelines and/or required in the Laguna Ridge Specific Plan and subsequent tentative maps.
- Maintenance of entryway monumentation, enhanced stamped concrete and paver stone surface treatments, and landscaping within or over public lands, easements or public rights-of-way.
- Maintenance of landscaping and improvements to detention basins and drainage facilities, exclusive of repair and replacement of the detention and drainage facilities themselves which will remain the obligation of other public agencies, such as the City of Elk Grove.

- Autumn leaf cleanup, including street sweeping and drainage inlet cleaning, for public parkways, landscape setbacks, and landscaped medians in and adjacent to major roadways within the CFD.
- Maintenance and operation of a community center, recreation center, sports (including aquatic) facilities, cultural arts center, and water features.
- Repair and replacement of vandalism of District-maintained facilities, including graffiti, and direct damage related to wear-and-tear.

### COSTS OF SERVICES

The costs of the services and incidental costs to be funded by annual special taxes in Community Facilities District No. 2005-1 (Laguna Ridge) include:

- Electric and water utility costs associated with the services.
- Contingency costs, including a contingency reserve, as required by the District.
- Funding of designated sinking funds to be used by the City to fund future repairs and replacement of landscaping, entry monuments and features, walls and fences, and other services as determined by the City.
- District costs associated with the setting, levy, and collection of the Special Taxes.

### EXCLUDED SERVICES

Revenues from CFD No. 2005-1 special taxes will not be used to fund any of the following:

- Private fences and gates located within the public landscape corridor or open space right-of-way (except for graffiti removal which may be funded by the CFD).
- Any landscaping, fences, gates, or monuments located on private property.

## EXHIBIT B

### City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge)

#### Rate and Method of Apportionment of Special Taxes

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

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

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

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

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

- Until subdivision of the Parcel identified in Fiscal Year 2005-06 by Assessor's Parcel number 132-0110-027, the portion of the Parcel with the Zoning Designation of Auto Commercial (AC) on the Tentative Map approved for the property on May 19, 2005.
- After subdivision of Parcel 132-0110-027, the Assessor's Parcel(s) that result from such subdivision that were expected to have the Zoning Designation of Auto Commercial (AC) based on the Tentative Map approved for the property on May 19, 2005.

**“Administrative Expenses”** means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out its duties with respect to CFD No. 2005-1 and the Bonds, including, but not limited to, levying and collecting the Special Taxes, the fees and expenses of legal counsel, charges levied by the County Auditor’s Office, Tax Collector’s Office, and/or Treasurer’s Office, costs related to annexing property into the CFD, costs related to property owner inquiries regarding the Special Taxes, costs associated with complying with any continuing disclosure requirements for the Bonds and the Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

**“Administrator”** means the person or firm designated by the City to administer the Special Taxes according to this Rate and Method of Apportionment of Special Taxes.

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

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

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

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

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

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

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

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

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

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

**“City”** means the City of Elk Grove.

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

**“County”** means the County of Sacramento.

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

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

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

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

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

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

**“Facilities Special Tax Requirement”** means the amount necessary in any Fiscal Year (i) to pay principal and interest, including scheduled sinking fund payments, on Bonds, (ii) pay Administrative Expenses that have not been included in the Maintenance Special Tax Requirement for the Fiscal Year, (iii) to create or replenish reserve funds, (iv) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year or (based on delinquencies in the payment of the Facilities Special Taxes which have already taken place) are expected to occur within CFD No. 2005-1 in the Fiscal Year in which the tax will be collected, and (v) to construct or acquire Authorized Facilities. The amounts referred to in clauses (i) and (iii) of the preceding sentence may be reduced in any Fiscal Year by: (i) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to a Bond indenture,

Bond resolution, or other legal document that sets forth these terms; (ii) proceeds received from the collection of penalties associated with delinquent Facilities Special Taxes within CFD No. 2005-1; and (iii) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

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

**“Final Map”** means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates lots that do not need to be further subdivided prior to issuance of a building permit for a residential or non-residential structure. The term “Final Map” shall not include an Assessor Parcel Map or subdivision map or portion thereof, that does not create lots that are in their final configuration, including Assessor Parcels that are designated as remainder parcels.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

- Until subdivision of the Parcel identified in Fiscal Year 2005-06 by Assessor’s Parcel number 132-0110-027, the portion of the Parcel with the Zoning Designation of Shopping Commercial (SC) on the Tentative Map approved for the property on May 19, 2005. For purposes of levying the Special Tax pursuant to Section E.2 below, the Administrator shall use 7.19 Acres as the amount of SC-Zoned Auto Mall Phase III Property on the Parcel, or
- After subdivision of Parcel 132-0110-027, the Assessor’s Parcel(s) that result from such subdivision that were expected to have the Zoning Designation of Shopping Commercial (SC) based on the Tentative Map approved for the property on May 19, 2005.

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

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

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

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

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

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

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

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

## **B. DATA FOR ANNUAL ADMINISTRATION**

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

In any Fiscal Year, if it is determined that: (i) a parcel map for property in CFD No. 2005-1 was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created parcels is in a different Development Class than other parcels created by the subdivision, the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to the property within each Development Class, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

## **C. MAXIMUM SPECIAL TAXES**

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

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

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

1. Beginning in Fiscal Year 2007-08, and each Fiscal Year thereafter, the Maximum Facilities Special Tax assigned to each Parcel shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year.
2. On each July 1, commencing on July 1, 2007, the Maximum Maintenance Special Tax shall be escalated by the increase, if any, in the Local Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2006 to April 2007.

**D. BACK-UP FORMULA**

At the time of the Final Bond Sale, the Administrator shall identify the Expected Maximum Special Tax Revenues which shall be the amount used to determine the Debt Service Coverage when the final series of Bonds are issued. After the Final Bond Sale, the Administrator shall review Tentative Map revisions and other changes to the land uses within the CFD and compare the revised land uses to the Expected Land Uses to

evaluate the impact on the Expected Maximum Special Tax Revenue. In addition, the Administrator shall review Final Maps to determine whether they reflect the number of lots that were anticipated in the Tentative Map.

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

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

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

If multiple Land Use/Entitlement Changes are proposed at one time (which may include approval of multiple Final Maps at one time), the Administrator may consider the combined effect of all Land Use/Entitlement Changes to determine if there is a reduction in Expected Maximum Special Tax Revenue. If, based on this comprehensive analysis, the Administrator determines that there is a reduction in Expected Maximum Special Tax Revenue, **and all of the Land Use/Entitlement Changes are being proposed by the same land owner**, the Administrator shall determine the prepayment by analyzing the combined impact of all of the proposed Land Use/Entitlement Changes.

Notwithstanding the foregoing, if the Administrator analyzes the combined impacts of multiple Land Use/Entitlement Changes, and the City subsequently does not approve one or more of the Land Use/Entitlement Changes that was proposed, the Administrator shall once again apply the three steps set forth above to determine the combined impact of those Land Use/Entitlement Changes that were approved simultaneously by the City.

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

consider the proposed Land Use/Entitlement Changes individually to determine the prepayment from each owner.

## **E. METHOD OF LEVY OF THE SPECIAL TAX**

### **1. Facilities Special Tax**

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

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

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

**Step 3:** If additional revenue is needed after Step 2, the Facilities Special Tax shall be levied Proportionately on each Assessor Parcel of Tentative Map Property within CFD No. 2005-1, up to 100% of the Maximum Facilities Special Tax for Tentative Map Property for such Fiscal Year;

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

### **2. Maintenance Special Tax**

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

**Step 1:** The Maintenance Special Tax shall be levied Proportionately on each Parcel of Developed Property within CFD No. 2005-1 up to

100% of the Maximum Maintenance Special Tax for such Fiscal Year;

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

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

## **F. COLLECTION OF SPECIAL TAXES**

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

The Facilities Special Tax shall be levied and collected until principal and interest on Bonds have been repaid, costs of constructing or acquiring Authorized Facilities from Facilities Special Tax proceeds have been paid, and all Administrative Expenses have been reimbursed. However, in no event shall a Facilities Special Tax be levied after Fiscal Year 2050-51. The Maintenance Special Tax shall be levied in perpetuity. Under no circumstances may the Facilities Special Tax on one Parcel in the CFD be increased by more than ten percent (10%) as a consequence of delinquency or default in payment of the Facilities Special Tax levied on another Parcel or Parcels in the CFD.

## **G. EXEMPTIONS**

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

Facilities Special Tax shall be levied in any Fiscal Year on the SC-Zoned Auto Mall Phase III Property.

#### **H. PREPAYMENT OF THE FACILITIES SPECIAL TAX**

The following definitions apply to this Section H:

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

**“Previously Issued Bonds”** means all Bonds that have been issued on behalf of CFD No. 2005-1 prior to the date of prepayment.

**“Public Facilities Requirements”** means either \$99,900,000 in 2006 dollars, which shall increase on January 1, 2007, and on each January 1 thereafter by the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or such other number as shall be determined by the City as sufficient to fund Authorized Facilities. The Public Facilities Requirements shown above shall be adjusted or a separate Public Facilities Requirements identified each time property annexes into CFD No. 2005-1; at no time shall the added Public Facilities Requirement for the annexation area exceed the amount of public improvement costs that are expected to be supportable by the Maximum Facilities Special Tax generated within that annexation area.

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

The Facilities Special Tax obligation applicable to an Assessor Parcel in the CFD may be prepaid and the obligation of the Assessor Parcel to pay the Facilities Special Tax permanently satisfied as described herein, provided that a prepayment may be made only if there are no delinquent Facilities Special Taxes with respect to such Assessor Parcel at the time of prepayment. The Maintenance Special Tax may not be prepaid. An owner of an Assessor Parcel intending to prepay the Facilities Special Tax obligation shall provide the City with written notice of intent to prepay. Within 30 days of receipt of such written notice, the City or its designee shall notify such owner of the prepayment

- Step 8:** Compute the amount of interest the City reasonably expects to derive from reinvestment of the Bond Redemption Amount plus the Redemption Premium from the first Bond interest payment date after which the prepayment has been received until the redemption date for the Outstanding Bonds.
- Step 9:** Take the amount computed pursuant to Step 7 and subtract the amount computed pursuant to Step 8 (the “**Defeasance Requirement**”).
- Step 10.** Determine the costs of computing the prepayment amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “**Administrative Fees and Expenses**”).
- Step 11.** If and to the extent so provided in the indenture pursuant to which the Outstanding Bonds to be redeemed were issued, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the “**Reserve Fund Credit**”).
- Step 12.** The Annual Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 3, 5, 6, 9, and 10, less the amount computed pursuant to Step 11 (the “**Prepayment Amount**”).

## **I. INTERPRETATION OF SPECIAL TAX FORMULA**

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



amount for such Assessor Parcel. Prepayment must be made not less than 75 days prior to any redemption date for Bonds to be redeemed with the proceeds of such prepaid Facilities Special Taxes. The Prepayment Amount shall be calculated as follows: (capitalized terms as defined below):

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

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

- Step 1.** Compute the Maximum Facilities Special Tax that could be collected from the Assessor Parcel prepaying the Facilities Special Tax by assuming that the Parcel is fully developed in the Fiscal Year that prepayment would be received by the City.
- Step 2.** Divide the Maximum Facilities Special Tax from Step 1 by the Maximum Special Tax Revenues that are expected at buildout of land uses within the CFD.
- Step 3.** Multiply the quotient computed pursuant to Step 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (*the "Bond Redemption Amount"*).
- Step 4.** Compute the current Remaining Facilities Costs (if any).
- Step 5.** Multiply the quotient computed pursuant to Step 2 by the amount determined pursuant to Step 4 to compute the amount of Remaining Facilities Costs to be prepaid (*the "Remaining Facilities Amount"*).
- Step 6.** Multiply the Bond Redemption Amount computed pursuant to Step 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (*the "Redemption Premium"*).
- Step 7.** Compute the amount needed to pay interest on the Bond Redemption Amount starting with the first Bond interest payment date after which the prepayment has been received until the earliest redemption date for the Outstanding Bonds, which, depending on the Bond offering document, may be as early as the next interest payment date.

## EXHIBIT C

### Form of Notice of Public Hearing

#### NOTICE OF PUBLIC HEARING

#### ON PROPOSED ESTABLISHMENT OF A COMMUNITY FACILITIES DISTRICT AND ISSUANCE OF DEBT AND FUTURE ANNEXATION OF TERRITORY

#### CITY OF ELK GROVE COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAGUNA RIDGE)

NOTICE IS HEREBY GIVEN that the City Council of the City of Elk Grove on November 9, 2005, adopted its Resolution No. 2005-\_\_\_\_\_, in which it declared its intention to establish a community facilities district and to levy a special tax to pay for certain public facilities and services and declared the necessity to incur a bonded indebtedness in the amount of \$225,000,000 to finance all or a portion of the proposed facilities, all pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code. The resolution describes the boundaries of the proposed district, the facilities and services proposed to be financed, and the rate, method of apportionment, and manner of collection of the proposed special tax. The City proposes to tax all interests in property that may be taxed under the Act. Any bonds issued would be secured by the special taxes to be levied in the proposed community facilities district. The resolution also declares the City's intention to provide for future annexation of the remaining territory within the Laguna Ridge Specific Plan area into the district. For further details, the resolution is available in the office of the City Clerk at City Hall, 8380 Laguna Palms Way, Elk Grove, California.

NOTICE IS HEREBY FURTHER GIVEN that the City Council has fixed Wednesday, December 14, 2005, at the hour of 6:30 p.m., or as soon thereafter as the matter may be heard, at City Hall, 8400 Laguna Palms Way, Elk Grove, California, as the time and place when and where the City Council will hold a public hearing to consider the establishment of the district, the issuance of debt, and the future annexation of territory into the district. At the hearing, the testimony of all interested persons, including all persons owning property in the area, or taxpayers for or against the establishment of the district, the extent of the district, the furnishing of the specified public facilities and services, the levy of the special tax, the debt issue, and the future annexation of territory into the district will be heard.

If six registered voters residing within the proposed district or the owners of one-half or more of the area of land in the territory included in the district and not exempt from the special tax file written protests against the establishment of the district, and the protests are not withdrawn so as to reduce the value of the protests to less than a majority, the creation of the district and the tax levy shall not be considered for a

period of one year from the date of the decision of the City Council after the hearing. If the majority protests of the registered voters or landowners are only against a specific type of facility, service or a specified tax, then that type of facility, service or tax shall be precluded.

NOTICE IS HEREBY FURTHER GIVEN that if, at the conclusion of the public hearing, the City Council determines to establish the district, the City Council will order an election to be held by the landowners of the district by mailed ballot, with each landowner having one vote for each acre or portion of an acre of land that such landowner owns within the proposed district, on the questions of levying the special tax, incurring debt and establishing an appropriations limit.

DATED: \_\_\_\_\_, 2005 \_\_\_\_\_  
City Clerk  
City of Elk Grove

EXHIBIT D

OFFICIAL BALLOT

**SPECIAL TAX AND BOND ELECTION  
CITY OF ELK GROVE  
COMMUNITY FACILITIES DISTRICT  
NO. 2005-1 (LAGUNA RIDGE)  
DECEMBER 14, 2005**

**Number of votes entitled to cast:**

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

If you wrongly mark, tear or deface this ballot, return it to the City Clerk, City of Elk Grove, 8380 Laguna Palms Way, Elk Grove, California 95758, to obtain another.

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**MEASURE SUBMITTED TO VOTE OF VOTERS**

<b>Ballot Measure:</b> Shall the City of Elk Grove be authorized to levy a special tax at the rates and apportioned as described in Exhibit B to the Resolution of Intention (the "Resolution of Intention") for Community Facilities District No. 2005-1 (the "District") adopted by the City Council on November 9 , 2005, which is incorporated herein by this reference, within the District to finance certain services and public facilities as set forth in Exhibit A to the Resolution of Intention, including any incidental expenses related thereto, and shall a bonded indebtedness in the amount of \$225,000,000 be incurred for the District, and shall an appropriations limit be established for the District in the amount of the special taxes collected?	YES <input type="checkbox"/>
	NO <input type="checkbox"/>

**NOTE:** This is a special landowner election. You must return this ballot to the City Clerk, City of Elk Grove, either to her office at City Hall, 8380 Laguna Palms Way, Elk Grove, California 95758, by 5:00 p.m. on December 14, 2005, or thereafter, to the regular meeting place of the Council in City Hall, by five minutes following the adoption of the resolution of the Council establishing the District on December 14, 2005.