



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



**AGENDA OF THE  
REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

**August 23, 2012**

**10:00 a.m.**

**California State Association of Counties**

**1100 K Street**

**Sacramento, California**

**Teleconference Locations**

County of Yuba  
915 8th Street, Suite 103  
Marysville, CA 95901

City of Roseville  
311 Vernon St.  
Roseville, CA 95678

County of Butte  
7 County Center Drive  
Oroville, CA 95965

- I. Call the Roll (alternates designate which member they are representing).
- II. Approve the Minutes of the August 9, 2012 Regular Meeting.
- III. Staff Updates.
- IV. Discuss and declare intention to establish Community Facilities District No. 2012-01(Fancher Creek), City of Fresno, County of Fresno, and to levy a special tax therein to finance the construction and acquisition of certain public facilities and to finance certain development impact fees; and set public hearing for further consideration thereof.
- V. Discuss and declare intention to authorize bonded indebtedness to finance certain development impact fees, and the acquisition and construction of certain public facilities, to

This \_\_\_ page agenda was posted at 1100 K Street, Sacramento, California on \_\_\_\_\_, 2012 at \_\_: \_\_ m,  
Signed \_\_\_\_\_. Please fax signed page to (925) 933-8457.

mitigate the impacts of development within Community Facilities District No. 2012-01(Fancher Creek), City of Fresno, County of Fresno; and set public hearing for further consideration thereof.

VI. Discuss and approve policy for borrower requests on adjustments to annual administration fee.

VII. Public Comment.

VIII. Adjourn.

**Item II**

Approve the Minutes of the August 9, 2012 Regular Meeting.

**REGULAR MEETING OF THE  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
(CSCDA)**

League of California Cities  
1400 K Street, Sacramento, California

August 9, 2012

**MINUTES**

Commission Chair Larry Combs called the meeting to order at 10:02 a.m.

**I. Roll Call**

Commission members present: Larry Combs. Commission members participating by conference telephone: Kevin O'Rourke, Alternate Dan Mierzwa (sitting for Commissioner Terry Schutten) and Alternate Irwin Bornstein (sitting for Commissioner Russ Branson)

Others present included: Laura Labanieh Campbell, CSAC Finance Corporation; Jon Penkower and Caitlin Lancot, CSCDA staff; and Mark Paxson, State Treasurer's Office. Participating by conference telephone: Greg Stepanicich, Richards, Watson & Gershon.

**II. Approve the Minutes of the July 19, 2012 Regular Meeting**

The commission approved the minutes of the regular meeting held July 19, 2012.

Motion by Mierzwa; second by O'Rourke; unanimously approved by roll-call vote.

**III. Approve the Minutes of the July 23, 2012 Special Meeting**

The commission approved the minutes of the special meeting held July 23, 2012.

Motion by O'Rourke; second by Mierzwa; unanimously approved by roll-call vote.

**IV. Staff Updates**

Caitlin Lancot reported that there has been a request by an issuer for the Commission to consider an appeal for reduced fees. Staff will bring information to the next regular meeting of the CSCDA Commission to consider an appeal policy.

## **V. Approve Consent Calendar**

The commission approved the consent calendar consisting of the following items:

1. Inducement of the following projects:
  - a. St. Anton Capital, LLC (Anton Legacy Apartments), City of Tustin, County of Orange; issue up to \$36 million in multi-family housing debt obligations.
2. Approve the following invoices for payment:
  - a. Burke, Williams & Sorensen, LLP Invoice #158222
  - b. David Taussig & Associates Invoice #1206030
  - c. David Taussig & Associates Invoice #1206203
  - d. David Taussig & Associates Invoice #1206199
  - e. BLX Invoice #41987-1255/071212
  - f. BLX Invoice #41987-1400/071212
  - g. BLX Invoice #41987-401/071212
  - h. BLX Invoice #41987-520/071212
  - i. BLX Invoice #41987-597/071212
  - j. BLX Invoice #41987-768/071212
  - k. BLX Invoice #41987-847/071212
  - l. BLX Invoice #41987-916/071212
  - m. BLX Invoice #41987-1007/071212
3. Approve the City of Chino as a Program Participant.

Motion by O'Rourke; second by Bornstein; unanimously approved by roll-call vote.

## **VI. Financing Approvals**

The commission approved resolutions approving the financing; all necessary actions; the execution and delivery of all necessary documents and authorized any member or authorized signatory to sign all necessary financing documents for following projects:

- a. Delphi Schools, Inc., City of Los Angeles, County of Los Angeles; up to \$5 million in 501(C)(3) non-profit revenue bonds.

Motion by Bornstin; second by O'Rourke; unanimously approved by roll-call vote.

- b. Total Road Improvement Program (TRIP), City of Lynwood, County of Los Angeles; up to \$9 million in Gas Tax Revenue Certificates of Participation.

Motion by Mierzwa; second by O'Rourke; unanimously approved by roll-call vote.

- c. Granite Folsom, L.P. (Granite City Apartments, City of Folsom, County of Sacramento; up to \$9 million in multi-family housing debt obligations.

Motion by Mierzwa; second by Bornsetein; unanimously approved by roll-call vote.

- d. 100 Stadium Rd., L.P. (Madera Family Apartments), City of Madera, County of Madera; up to \$7 million in multi-family housing debt obligations.

Motion by O'Rourke; second by Mierzwa; unanimously approved by roll-call vote.

## **VII. Discuss and Approve New Fee Schedule.**

CSCDA staff periodically reviews the Authority's fee schedule to ensure that the fees remain competitive within the current market. The commission approved the new fee schedule as proposed.

Motion by Bornstein; second by Mierzwa; unanimously approved by roll-call vote.

## **VIII. Discuss and Approve Supplemental Resolution for the Sonoma Garden Apartments**

The Sonoma Garden Apartments had a change in their lender that required their bond documents to be updated with the new lender information. The commission approved the supplemental resolution; the issuance of bonds and the financing of the Project; all necessary actions; the execution and delivery of all necessary documents and authorized any member or authorized signatory to sign all necessary financing documents for the Sonoma Garden Apartments.

Motion by Bornstein; second by O'Rourke; unanimously approved by roll-call vote.

## **IX. Public Comment**

There was no public comment.

## **X. Adjourn**

Commission Chair Larry Combs adjourned the meeting at 10:26 a.m.

Submitted by: Laura Labanieh Campbell, CSAC Finance Corporation

*The next regular meeting of the commission is scheduled for  
**Thursday, August 23**, at 10:00 a.m.  
in the CSAC Office at 1100 K Street, Sacramento, CA.*

Item IV and Item V

Discuss and declare intention to establish Community Facilities District No. 2012-01(Fancher Creek), City of Fresno, County of Fresno, and to levy a special tax therein to finance the construction and acquisition of certain public facilities and to finance certain development impact fees; and set public hearing for further consideration thereof.

Discuss and declare intention to authorize bonded indebtedness to finance certain development impact fees, and the acquisition and construction of certain public facilities, to mitigate the impacts of development within Community Facilities District No. 2012-01(Fancher Creek), City of Fresno, County of Fresno; and set public hearing for further consideration thereof.

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## SUMMARY AND APPROVALS

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<b>PROGRAM:</b>	COMMUNITY FACILITIES DISTRICT
<b>PURPOSE:</b>	<p>1. RESOLUTION DECLARING INTENTION TO ESTABLISH CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2012-01 (FANCHER CREEK), CITY OF FRESNO, AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC FACILITIES AND TO FINANCE CERTAIN DEVELOPMENT IMPACT FEES</p> <p>2. RESOLUTION TO INCUR BONDED INDEBTEDNESS TO FINANCE CERTAIN DEVELOPMENT IMPACT FEES, AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC FACILITIES, TO MITIGATE THE IMPACTS OF DEVELOPMENT WITHIN CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2012-01 (FANCHER CREEK), CITY OF FRESNO,</p>
<b>PRIMARY ACTIVITY:</b>	FINANCE THE PAYMENT OF DEVELOPMENT IMPACT FEES AND IMPROVEMENTS FOR PUBLIC IMPROVEMENTS

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CSCDA has received applications from the Fancher Creek Business Park, Town Center and Village Center (Fancher Creek) to finance the payment of certain development impact fees and improvements associated with the development in the City of Fresno through the establishment of a community facilities district with three improvement areas, one for each portion of the development.

The amount of bonds to be issued will not exceed a total of \$17,000,000 with a proposed closing date for a first issue of less than \$10 million, secured by Improvement Area 1, during the first week of December 2012. On March 25, 2010 the City of Fresno gave its consent to CSCDA to act as the issuer for the bonds associated with Fancher Creek. Due to the economic downturn over the past couple of years the project has been unable to proceed, but now will be moving forward. The Commission is being requested to approve the following:

- The resolution of intention to establish CSCDA Community Facilities District 2012 (Fancher Creek) to levy a special tax to finance the construction and acquisition of certain public facilities and finance development impact fees, including the boundary maps and rate and method of apportionment prepared by the assessment engineer, David Taussig & Associates;
- The resolution to incur bonded indebtedness for finance development impact fees and the acquisition and construction of certain public facilities;
- Setting of the public hearing of protests for October 11, 2012.

The property within the CFD is uninhabited, and Fancher Creek Properties, LLC is the sole property owner and hence the sole voter should the Commission decide to form the CFD and order the election following the public hearing on October 11. If the Commission does decide to proceed, it is expected that the election would be conducted immediately thereafter, with the appropriate waivers signed and ballot cast by the sole voter.

Orrick, Herrington & Sutcliffe and CSCDA staff have reviewed the boundary maps and the resolutions

have been prepared by Orrick. The proposed financing complies with the CFD policies and goals adopted by CSCDA which are attached as Attachment 1.

Attachment 2 contains copies of the resolutions and their attachments. All final approvals for the issuance of bonds would be brought back to this Commission in November, 2012 after all proceedings have been completed.

**Approvals:**

Based upon the resolutions submitted and reviewed it is requested that this Commission:

1. Approve all necessary actions and documents;
2. Authorize any member of the Commission or Authorized Signatory to sign all necessary documents; and
3. Set the public hearing for October 11, 2012 at 10:00 a.m. at the League of California Cities.

Attachment 1

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
AMENDED AND RESTATED GOALS AND POLICIES  
FOR  
MELLO-ROOS COMMUNITY FACILITIES DISTRICTS**

**I. INTRODUCTION**

Section 53312.7(a) of the California Government Code provides that, on and after January 1, 1994, a local agency may initiate proceedings to establish a community facilities district ("CFD") pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act") only if it has first considered and adopted local goals and policies concerning the use of the Act. The following goals and policies have been considered and adopted by the California Statewide Communities Development Authority (the "Authority") and are intended to meet the requirements of the Act.

**II. GOALS AND POLICIES GENERALLY**

The Authority's goal is to use the Act to promote economic development within the boundaries of the Authority's members by assisting in the development of property to be used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. Therefore, it is the policy of the Authority to use the Act to finance public facilities that will encourage the development of property for such residential, commercial or industrial purposes. The Authority may use the Act in situations where the CFD special tax is expected to be levied on property used for residential, commercial or industrial purposes, including multi-family apartment and office buildings. The Authority will use the Act only in situations where it has been petitioned to do so by the owners of 100% of the property in the proposed CFD and where the local agency which issues building permits for the project (the "Local Agency Participant") has consented to the use of the Act by the Authority.

**III. PRIORITIES FOR FINANCING**

The priority that various kinds of public facilities will have for financing through the Authority's use of the Act is as follows:

- a. facilities needed to serve approved development which is deficient in infrastructure needed to develop the area as planned;
- b. other facilities for which there is a clearly demonstrated public benefit;
- c. development impact fees, connection charges and other local government levies applicable to the new development which are to be used to fund public capital improvements by the local agency which levies the fee; and
- d. other facilities permitted by the Act.

The Authority will, at the request of the Local Agency Participant, include special taxes in a CFD for services provided by the Local Agency Participant; provided, that the Local Agency Participant must certify that the services comply with and are eligible under the provisions of the Act and the Local Agency Participant shall be responsible for all budgets, expenditure controls and reporting requirements for any such services.

#### **IV. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES**

The Authority will require that the credit quality of any CFD bond issue be such that the requirements of Section 53345.8 of the Act will be met; provided, however, that the Authority will require that the value of the real property that would be subject to the special tax to pay debt service on the bonds be at least four times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the CFD or a special assessment levied on property within the CFD.

In order to enhance the credit quality of bond issues, the Authority will require that each bond issue be secured by a reserve fund funded in an amount no less than the least of (a) 10% of the original proceeds of the bond issue, (b) maximum annual debt service on the bonds of such issue, and (c) 125% of the average annual debt service on the bonds of such issue.

The Authority may require additional measures to increase the credit quality of a bond issue, or may require credit enhancement with respect thereto, in any particular case.

#### **V. DISCLOSURE TO PROSPECTIVE PROPERTY PURCHASERS**

In order to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under the Act, the Authority will require that the requirements of disclosure to prospective property purchasers contained in the Act, including, but not limited to, Sections 53328.3, 53328.5 (including the referenced sections of the California Streets and Highways Code), 53340.2 and 53341.5, be met. The Authority reserves the right to require additional disclosure procedures in any particular case.

#### **VI. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES**

The Authority's criteria for evaluating the equity of tax allocation formulas, and the desirable and maximum amounts of special taxes to be levied against any parcel pursuant to the Act, are set forth in this section.

Special taxes must be allocated and apportioned on a reasonable basis to all categories and classes of property (other than exempt property) receiving general or special benefit from the public facilities financed through the CFD. Exemptions from the special tax may be given to parcels which are publicly-owned, are held by property owners associations, are used for public purposes such as open space or wetlands, or are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD special tax allocation formula must be structured so as to annually produce special tax revenues sufficient to pay (a) annual debt service on all CFD bonds, and (b) reasonable and necessary annual administrative expenses of the CFD. Additionally, the special tax formula may be structured so as to produce amounts sufficient to fund (a) any amounts required to establish or replenish any reserve fund established for a CFD bond issue, (b) the accumulation of funds reasonably required for future debt service on a CFD bond issue, (c) amounts equal to projected delinquencies in special tax payments, (d) remarketing, credit enhancement or liquidity fees, (e) differences between expected earnings on any escrow account and the interest payments due on CFD bonds associated with such escrow account, and any costs associated with the release of funds from an escrow account, and (f) any other costs or payments permitted by law. The special tax allocation formula must be structured such that the projected maximum special tax that could be levied in any year would produce special tax revenues at least equal to (a) 110% of projected annual debt service on all CFD bonds for such year, plus (b) projected reasonable and necessary administrative expenses of the CFD for such year.

The total projected property tax levels for any CFD may not exceed any maximum specified in the Act. The annual increase, if any, in the maximum special tax for any parcel may not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner on any other parcel may not exceed any maximum specified in the Act.

## VII. APPRAISALS

The definitions, standards and assumptions to be used in appraisals required in connection with the Authority's use of the Act are as set forth in the Appraisal Standards for Land Secured Financings (the "Standards") published by the California Debt Advisory Commission and dated May 1994 and revised July 2004, with the following modifications:

- a. the independent review appraiser is an option, and not a requirement;
- b. the comparable sales method may be used whenever there is sufficient data available;
- c. the appraiser should assume the presence of the public infrastructure to be financed with the bonds;
- d. the special tax lien need not be computed as the present value of the future tax payments if there is a pre-payment mechanism or other more appropriate measure;
- e. except where necessary to make a meaningful comparable sale comparison, the appraiser is not to discount the value of property for the amount of the special tax or assessment liens; This also means that the special tax should be ignored in any discounted cash flow analysis; and

- f. the definition of "Bulk Sale Value" on page 29 of the Standards states the requirement that *all* parcels within a tract or development be included; instead it may be *any* defined portion of the property.

## VIII. CONSULTANTS

The selection of all consultants necessary for the formation of a CFD and the issuance of bonds, including the appraiser, market absorption study analyst, special tax consultant, bond counsel and underwriter, will be subject to final approval by the Authority. The applicant for CFD financing may not recommend, or participate in the selection of, the appraiser.

## IX. APPLICATIONS; CONDITIONS

The owner or owners of the property the development of which is to be assisted through the Authority's proposed use of the Act, will be required to complete an application in such form as the Authority may prescribe. Any information provided in the application must be considered public information by California law.

The applicant must have the approval of the city or the county in which the project is located. Such approval may be in the form of a letter from an appropriate city or county official supporting the project or in such other form as the Authority may approve.

All Authority and consultant costs incurred in the evaluation of any CFD application, or in the formation of a CFD or the issuance of CFD bonds, will be paid by the applicant, which payment will be secured by an advance deposit with the Authority. The Authority will not incur any nonreimbursable expenses for processing a CFD, and expenses not chargeable to the CFD will be borne by the applicant.

Each applicant will be required to provide an indemnity to the Authority, its members, officers, agents and employees for all costs, expenses and attorney fees, as well as any judgment or settlement costs arising out of or involved in the CFD financing, or in any of the documentation related thereto.

## X. MINIMUM STANDARDS; WAIVERS AND AMENDMENT

The policies set forth herein reflect the minimum standards under which the Authority will assist in the development of property through the use of the Act. The Authority may, in its discretion, require additional measures and procedures, enhanced security and higher standards in particular cases.

The Authority may, in limited and exceptional circumstances and to the extent permitted by law, in its discretion, waive any of the policies set forth herein in particular cases.

The goals and policies set forth herein may be amended at any time and from time to time by the Authority.

## Attachment 2

**RESOLUTION NO. \_\_\_\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION DECLARING INTENTION TO ESTABLISH CALIFORNIA  
STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY COMMUNITY  
FACILITIES DISTRICT NO. 2012-01 (FANCHER CREEK), CITY OF FRESNO,  
COUNTY OF FRESNO, STATE OF CALIFORNIA, AND TO LEVY A SPECIAL TAX  
THEREIN TO FINANCE THE CONSTRUCTION AND ACQUISITION OF CERTAIN  
PUBLIC FACILITIES AND TO FINANCE CERTAIN DEVELOPMENT IMPACT FEES**

WHEREAS, the Commission (the “Commission”) of the California Statewide Communities Development Authority (the “Authority”) has duly considered the advisability and necessity of establishing a community facilities district within the jurisdictional boundaries of the City of Fresno, in Fresno County, California (the “City”), to be designated and known as “California Statewide Communities Development Authority Community Facilities District No. 2012-01 (Fancher Creek), City of Fresno, County of Fresno, State of California” (the “Community Facilities District”), and levying a special tax therein to finance the acquisition and construction of certain public capital facilities to be owned by the City, and to finance certain development impact fees to pay for other public capital facilities to be owned by the City and by the Fresno Metropolitan Flood Control District, under and pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the “Act”); and

WHEREAS, the public facilities and development impact fees described in the previous paragraph are collectively referred to herein as the “Improvements;” and

WHEREAS, the Improvements will assist in mitigating the impact on the public infrastructure systems occasioned by new development that is expected to occur within the boundaries of the Community Facilities District; and

WHEREAS, the Commission has considered an application for the formation of the Community Facilities District submitted jointly by the City and the developer of the Fancher Creek project, Fancher Creek Properties, LLC, a California limited liability company (the “Developer”), and has determined that the establishment of the Community Facilities District is consistent with and follows the local goals and policies concerning the use of the Act that have been adopted by the Commission and are now in effect; and

WHEREAS, The Commission has reviewed City of Fresno Resolution No. 2010-58 adopted by the Fresno City Council on March 25, 2010 and entitled “Resolution of the Council of the City of Fresno (1) Authorizing the California Statewide Communities Development Authority (the “Authority”), to Form a Community Facilities District Within the Territorial Limits of The City of Fresno to Finance Public Improvements and Development

Impact Fees to Partially Mitigate the Impacts of the Development Project Commonly Known As Fancher Creek; (2) Embodying a Joint Community Facilities Agreement Setting Forth the Terms and Conditions of the Community Facilities District Financing; (3) Approving an Acquisition Agreement Between the City And the Developer; and (4) Authorizing Staff to Cooperate With the Authority and its Consultants in Connection Therewith” (the “City Resolution”); and

WHEREAS, the City Resolution, a copy of which is attached hereto and marked Exhibit A and incorporated herein by this reference, describes the Improvements and sets forth the terms of a joint community facilities agreement under the authority of Section 53316.2 of the Act, and further provides that the adoption of a Resolution of Intention for the Community Facilities District by the Commission will act as an acceptance, by the Authority, of the terms of the joint community facilities agreement embodied in the City Resolution; and

WHEREAS, there has been filed with the Secretary of the Authority (the “Secretary”) a map entitled “Proposed Boundaries of California Statewide Communities Development Authority Community Facilities District No. 2012-01 (Fancher Creek), City of Fresno, County of Fresno, State of California” (the “Boundary Map”); and

WHEREAS, the Commission is fully advised in this matter;

NOW THEREFORE, BE IT RESOLVED by the Commission of the California Statewide Communities Development Authority, as follows:

**Section 1.** The above recitals are true and correct, and the Commission so finds and determines.

**Section 2.** It is the intention of the Commission, and the Commission hereby proposes, to establish the Community Facilities District. By adopting this Resolution of Intention, the Commission hereby accepts and agrees to the joint community facilities agreement embodied in the City Resolution.

**Section 3.** The boundaries of the territory proposed for inclusion in the Community Facilities District are more particularly described and shown on the Boundary Map now on file in the office of the Secretary, which map is hereby approved by the Commission. A reduced copy of the Boundary Map is marked Exhibit B and is attached hereto, and by this reference is incorporated herein and made a part of this Resolution. The Boundary Map shows the division of the Community Facilities District into three “improvement areas,” as that term is used in the Act: Improvement Area 1, Improvement Area 2 and Improvement Area 3. The Boundary Map also shows a small “Future Annexation Area.” This is “territory proposed for annexation in the future” as that phrase is used in Section 53339.3(b) of the Act, and it may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels within that territory at the time that parcel or those parcels are annexed. The Commission finds this to be an insubstantial variation from the map approved by the City Resolution, and that the Boundary Map is in the form and contains the matters prescribed by Section 3110 of the California Streets and Highways Code and directs the Secretary to certify the adoption of this resolution on the face of the Boundary Map. The Developer is hereby authorized and directed to

record a copy of the Boundary Map with the County Recorder of Fresno County in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

**Section 4.** The Commission hereby finds that any property included within the boundary of the Community Facilities District that is currently in agricultural use will nonetheless be benefited by the Improvements.

**Section 5.** It is the intention of the Commission to finance the Improvements described in the City Resolution. All of the public facilities to be financed directly or through development impact fees have an estimated useful life of five (5) years or longer. They are public facilities that the City or other local governmental agencies are authorized by law to construct, own or operate, or to which they may contribute revenue, and that are necessary to meet increased demands placed upon the City or upon the Fresno Metropolitan Flood Control District as a result of development occurring and anticipated to occur within the Community Facilities District.

**Section 6.** The cost of financing the acquisition and construction of the public facilities includes incidental expenses for the facilities comprising the costs of planning and designing the facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the Community Facilities District, the issuance of any bonds, the determination of the amount of any special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the public facilities. A representative list of incidental expenses proposed to be incurred are set forth on Exhibit C attached hereto, which by this reference is incorporated herein and made a part of this Resolution.

**Section 7.** It is the intention of the Commission that, except where funds are otherwise available, a special tax shall be annually levied within the Community Facilities District sufficient to finance the Improvements, including but not limited to the payment of interest on and principal of any bonds to be issued to finance the Improvements; the making of lease payments for any of the public facilities (whether in conjunction with the issuance of certificates of participation or not); the repayment of funds advanced by the City for the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the Authority) of advances of funds or reimbursement for the lesser of the value or cost or work in-kind provided by any person for the Community Facilities District.

**Section 8.** Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property within the Community Facilities District, and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien is cancelled in accordance with law, or until levy of the special tax by the Authority ceases.

**Section 9.** It is the intention of the Commission that the proposed special tax will be collected through the regular County of Fresno secured property tax bills, and will be

subject to the same enforcement mechanism, and the same penalties and interest for late payment, as regular *ad valorem* property taxes; however, the Commission reserves the right to utilize any other lawful means of billing, collecting and enforcing the special tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the special tax lien.

**Section 10.** The rate and method of apportionment of the special tax (the “RMA”) for each improvement area, including the maximum annual special tax, is set forth in Exhibits D-1, D-2 and D-3 attached hereto, which by this reference are incorporated herein and made a part of this Resolution. Exhibit D-1 contains the RMA for Improvement Area 1; Exhibit D-2 contains the RMA for Improvement Area 2; and Exhibit D-3 contains the RMA for Improvement Area 3. Each RMA provides sufficient detail to allow each landowner or resident within the Community Facilities District to estimate the maximum amount that such person will have to pay, and specifies the conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied. As required by the Act: (1) the maximum authorized special tax for financing the acquisition and construction of the Facilities that may be levied against any parcel of land used for private residential purposes (which use commences no later than the date on which an occupancy permit for private residential use is issued) is specified as a dollar amount and shall not increase by more than two percent (2%) per year; (2) the special tax shall not be levied for facilities against such property after the time stated in Exhibits D-1, D-2 or D-3, as applicable; and (3) under no circumstances shall the special tax be increased on such property, as a consequence of delinquency or default by the owners of any other parcel or parcels of land within the Community Facilities District, by more than ten per cent (10%) above the level that would have been levied had there been no delinquencies.

**Section 11.** Should any property subject to the special tax be acquired by a public agency and then leased for private purposes, it is the intention of the Commission, pursuant to Section 53340.1 of the Government Code of the State of California, to levy the special tax on the leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the special tax), to be payable by the owner of the leasehold or possessory interests in such property.

**Section 12.** It is the intention of the Commission, pursuant to Section 53325.7 of the Government Code of the State of California, to establish the initial appropriations limit, as defined by subdivision (h) of Section 8 of Article XIIB of the California Constitution, for the Community Facilities District in the amounts of \$720,000 for Improvement Area 1, \$308,000 for Improvement Area 2, and \$110,000 for Improvement Area 3.

**Section 13.** Notice is given that Thursday, the 11th day of October, 2012, at the hour of 10:00 o’clock A.M., at the offices of the League of California Cities, at 1400 K Street, Third Floor, Sacramento, California 95814, has been fixed by the Commission as the date, time and place for a public hearing to be held by the Commission to consider the establishment of the Community Facilities District, the proposed rate, method of apportionment and manner of collection of the special tax and all other matters as set forth in this Resolution. At the public hearing, any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers for or against the establishment of the

Community Facilities District and the levy of the special tax, the extent of the Community Facilities District, the financing of any of the Improvements, the establishment of the appropriations limits, or on any other matters set forth herein, will be heard and considered.

**Section 14.** Any protests to the proposals in this resolution may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of these proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. The Commission may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests not presented in person by the protester at the public hearing must be filed with the Secretary at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

**Section 15.** Written protests by a majority of the registered voters residing and registered within the Community Facilities District (if at least six such voters so protest), or by the owners of a majority of the land area within the Community Facilities District not exempt from the proposed special tax, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the proposed Improvements or the special tax of the Community Facilities District or the other proposals contained in this resolution, only those elements need be excluded from the proceedings.

**Section 16.** The public hearing may be continued from time to time, but shall be completed within thirty (30) days, except that if the Commission finds that the complexity of the Community Facilities District or the need for public participation requires additional time, the public hearing may be continued from time to time for a period not to exceed six (6) months.

**Section 17.** The Commission may at the public hearing modify this resolution by eliminating any of the Improvements, or by changing the method of apportionment of the special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the Community Facilities District or by removing any territory from the Community Facilities District; except that if the Commission proposes to modify this resolution in a way that will increase the probable (as distinct from the maximum, which may not be increased) special tax to be paid by the owner of any lot or parcel of land in the Community Facilities District, the Commission shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of such lots or parcels of land in the Community Facilities District, and the Commission shall receive and consider the report before approving any such modifications or any resolution forming the Community Facilities District which includes such modifications.

**Section 18.** At the conclusion of the public hearing, the Commission may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the Community Facilities District. If the Commission determines at the conclusion of the public hearing to proceed with the establishment of the Community Facilities District, it expects that the proposed voting procedure will be by landowners voting in accordance with the Act, as the Commission is informed that during the 90 days prior to the date set for the hearing, there have been times when there were fewer than twelve (12) registered voters residing within

the Community Facilities District. The Commission will require this information to be confirmed before ordering the election.

**Section 19.** The Authority's special tax consultant, David Taussig & Associates, in consultation with and on behalf of the City, is hereby requested to study the Community Facilities District and, at or before the time of the public hearing, to cause to be prepared and filed with the Commission a report which shall contain a brief description of the facilities by type which in its opinion will be required to adequately meet the needs of the new development expected to occur within the Community Facilities District, together with estimates of the cost of financing the Improvements and the incidental expenses related thereto. The report shall, upon its presentation, be submitted to the Commission for review, shall be available for inspection by the public, and shall be made a part of the record of the public hearing.

**Section 20.** The Facilities will not be constructed by the City, therefore in the opinion of the Commission, the public interest will not be served by allowing the property owners in the Community Facilities District to intervene in a public bidding process pursuant to Section 53329.5(a) of the Act.

**Section 21.** Notice of the time and place of the public hearing shall be given by Bond Counsel in the following manner:

(a) A Notice of Public Hearing in the form provided by the Act shall be published once in the *FRESNO BEE*, a newspaper of general circulation published in the area of the Community Facilities District, pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven (7) days prior to the date set for such public hearing; and

(b) A Notice of Public Hearing in the form provided by the Act shall be mailed, first class postage prepaid, to each owner of land, and to each registered voter residing, within the boundaries of the Community Facilities District (to property owners at their addresses as shown on the last equalized assessment roll, and to registered voters at their addresses as shown on the records of the Fresno County Registrar of Voters, or in either case as otherwise known to Bond Counsel). The mailing shall be completed at least fifteen (15) days prior to the date set for the public hearing.

**Section 22.** This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 23rd day of August, 2012.

I, the undersigned, a duly appointed and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on August 23, 2012.

By: \_\_\_\_\_

Authorized Signatory  
California Statewide Communities  
Development Authority

## **EXHIBIT A**

**[City Resolution]**

## **EXHIBIT B**

**[Boundary Map]**

## **EXHIBIT C**

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT  
AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-01,  
(FANCHER CREEK),  
CITY OF FRESNO,  
COUNTY OF FRESNO,  
STATE OF CALIFORNIA**

**REPRESENTATIVE LISTING OF INCIDENTAL EXPENSES  
AND BOND ISSUANCE COSTS**

It is anticipated that the following incidental expenses may be incurred in the proposed legal proceedings for formation of the Community Facilities District, construction or acquisition of the authorized public facilities and related bond financing and will be payable from proceeds of the Bonds or directly from the proceeds of the Special Tax:

- Special tax consultant services
- Authority, City staff review, oversight and administrative services
- Bond Counsel and Disclosure Counsel services
- Financial advisor services
- Special tax administrator services
- Appraiser/Market absorption consultant services
- Initial bond transfer agent, fiscal agent, registrar and paying agent services, and rebate calculation service set up charge
- Bond printing and Preliminary Official Statement and Official Statement printing and mailing
- Publishing, mailing and posting of notices
- Recording fees
- Underwriter's discount
- Bond reserve fund
- Capitalized interest
- Governmental notification and filing fees
- Credit enhancement costs
- Rating agency fees
- Continuing disclosure services
- Arbitrage rebate services
- Other post-issuance tax compliance services

The expenses of certain recurring services pertaining to the Community Facilities District may be included in each annual special tax levy, and these expenses are described in the definition of the term "Administrative Expenses" as set forth in the Rate and Method of Apportionment of Special Tax attached hereafter as Exhibit D.

The foregoing enumeration shall not be regarded as exclusive and shall be deemed to include any other incidental expenses of a like nature which may be incurred from time to time with respect to the Community Facilities District.

## **EXHIBIT D-1**

**[RMA for Improvement Area 1]**

## **EXHIBIT D-2**

**[RMA for Improvement Area 2]**

## **EXHIBIT D-3**

**[RMA for Improvement Area 3]**

**RESOLUTION NO. \_\_\_\_\_**

**CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY**

**A RESOLUTION TO INCUR BONDED INDEBTEDNESS TO FINANCE CERTAIN  
DEVELOPMENT IMPACT FEES, AND THE ACQUISITION AND CONSTRUCTION  
OF CERTAIN PUBLIC FACILITIES, TO MITIGATE THE IMPACTS OF  
DEVELOPMENT WITHIN CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 2012-01  
(FANCHER CREEK), CITY OF FRESNO, COUNTY OF FRESNO, STATE OF  
CALIFORNIA**

WHEREAS, the Commission (the “Commission”) of the California Statewide Communities Development Authority (the “Authority”) has duly adopted its Resolution No. \_\_\_\_\_ (the “Resolution of Intention”) this date, wherein it declared its intention to establish a community facilities district under and pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53311) of the Government Code of the State of California (the “Act), to be known and designated as “California Statewide Communities Development Authority Community Facilities District No. 2012-01 (Fancher Creek), City of Fresno, County of Fresno, State of California” (the “Community Facilities District”), and to levy a special tax therein to finance the acquisition and construction of certain public facilities and certain development impact fees (the “Improvements,” as that term is defined in the Resolution of Intention) that will assist in mitigating the impact on the need for public facilities occasioned by new development that is expected to occur within the boundaries of the Community Facilities District; and

WHEREAS, the Commission is fully advised in this matter;

NOW THEREFORE, BE IT RESOLVED by the Commission of the California Statewide Communities Development Authority, as follows:

**Section 1.** The above recitals are true and correct, and the Commission so finds and determines.

**Section 2.** The Commission hereby declares that the public convenience and necessity require that a bonded indebtedness be incurred to finance the Improvements. The cost of the Improvements includes incidental expenses for the Improvements comprising the costs of planning and designing the public facilities, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the Community Facilities District, the issuance of bonds, the determination of the amount of any special taxes or the collection or payment of any special taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to the acquisition and construction of the public facilities.

**Section 3.** The amount of the proposed bonded indebtedness to be incurred to finance the Improvements shall not exceed ten million dollars (\$10,000,000) for Improvement Area 1, five million dollars (\$5,000,000) for Improvement Area 2, and two million dollars (\$2,000,000) for Improvement Area 3, which amounts include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the bonded indebtedness is proposed to be incurred, including, but not limited to, the estimated costs of acquisition of land, rights-of-way, capacity or connection fees, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued pursuant to the Act, architectural, engineering, inspection, legal, fiscal, and financial consultant fees, bond and other reserve funds, discount fees, interest on any bonds of the Community Facilities District estimated to be due and payable within two (2) years of issuance of the bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, underwriter's discount, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

**Section 4.** Notice is given that Thursday, the 11th day of October, 2012, at the hour of 10:00 o'clock A.M., at the offices of the League of California Cities, at 1400 K Street, Third Floor, Sacramento, California 95814, has been fixed by the Commission as the time and place for a public hearing to be held by the Commission to consider the incurring of the bonded indebtedness to finance the Improvements. At the public hearing, any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard on the proposed debt issuance or on any other matters set forth herein, and they may present any matters relating to the necessity for incurring the bonded indebtedness to finance the Improvements to be secured by a special tax to be levied within the Community Facilities District.

**Section 5.** Notice of the time and place of the public hearing shall be given by Bond Counsel in the following manner:

(a) A Notice of Public Hearing in the form provided by the Act shall be published once in the *FRESNO BEE*, a newspaper of general circulation circulated within the area of the Community Facilities District. The publication shall be made pursuant to Section 6061 of the Government Code of the State of California and shall be completed at least seven (7) days prior to the date set for such public hearing; and

(b) A Notice of Public Hearing in the form provided by the Act shall be mailed, first class postage prepaid, to each owner of land, and to each registered voter residing, within the boundaries of the proposed Community Facilities District (to property owners at their addresses as shown on the last equalized assessment roll, and to registered voters at their addresses as shown on the records of the Fresno County Registrar of Voters, or in either case as otherwise known to Bond Counsel). The mailing shall be completed at least fifteen (15) days prior to the date set for the public hearing.

**Section 6.** It is the intention of the Commission that any bonds issued shall be callable (may be redeemed prior to their maturity dates) in accordance with the terms of the Act.

**Section 7.** This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this 23rd day of August, 2012.

I, the undersigned, a duly appointed and qualified Authorized Signatory of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on August 23, 2012.

By: \_\_\_\_\_

Authorized Signatory  
California Statewide Communities  
Development Authority

RESOLUTION NO. 2010-58

RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO (1) AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (THE "AUTHORITY"), TO FORM A COMMUNITY FACILITIES DISTRICT WITHIN THE TERRITORIAL LIMITS OF THE CITY OF FRESNO TO FINANCE PUBLIC IMPROVEMENTS AND DEVELOPMENT IMPACT FEES TO PARTIALLY MITIGATE THE IMPACTS OF THE DEVELOPMENT PROJECT COMMONLY KNOWN AS FANCHER CREEK; (2) EMBODYING A JOINT COMMUNITY FACILITIES AGREEMENT SETTING FORTH THE TERMS AND CONDITIONS OF THE COMMUNITY FACILITIES DISTRICT FINANCING; (3) APPROVING AN ACQUISITION AGREEMENT BETWEEN THE CITY AND THE DEVELOPER; AND (4) AUTHORIZING STAFF TO COOPERATE WITH THE AUTHORITY AND ITS CONSULTANTS IN CONNECTION THEREWITH.

WHEREAS, the City of Fresno (the "City") is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in Sections 3, 5 and 7 of Article XI of the Constitution of the State of California and Section 200 of the Charter of the City; and

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is a California joint-exercise of powers authority lawfully formed and operating within the State of California pursuant to an agreement (the "Joint Powers Agreement") entered into as of June 1, 1988 under the authority of Title 1, Division 7, Chapter 5 (commencing with Section 6500) of the California Government Code; and

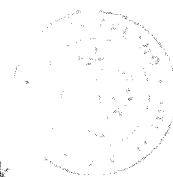
WHEREAS, the City of Fresno (the "City") is a party to the Joint Powers Agreement and by virtue thereof a member (a "Program Participant") of the Authority; and

WHEREAS, the Joint Powers Agreement was entered into to establish the Authority as an agency authorized to issue bonds to finance projects within the territorial limits of its Program Participants; and

WHEREAS, the Joint Powers Agreement authorizes the Authority to undertake financing programs under any applicable provisions of State law to promote economic development, the stimulation of economic activity, and the increase of the tax base within the jurisdictional boundaries of its Program Participants; and

WHEREAS, the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the "Act") is an applicable provision of State law available to, among other things, finance public improvements necessary to meet increased demands placed upon local agencies as a result of development; and

Adopted \_\_\_\_\_ 10  
Approved \_\_\_\_\_ 15  
Effective 03-15



WHEREAS, there is a development project in the City referred to as the Fancher Creek Project, owned by Fancher Creek Properties, LLC., a California limited liability company (respectively, the "Development Project" and the "Developer") and a development plan has been approved by the City pursuant to the Fancher Creek Environmental Impact Report (EIR), which was certified by the Fresno City Council on May 17, 2005; and the Developer has requested the City to consider formation of a community facilities district for the Development Project under the Act; and

WHEREAS, the City does not desire to allocate City resources and City staff time to the formation and administration of a community facilities district and to the issuance of bonds; and

WHEREAS, the Development Project will promote economic development, the stimulation of economic activity, and the increase of the tax base within the City; and

WHEREAS, both the Authority and the City are "local agencies" under the Act; and

WHEREAS, the Act permits two or more local agencies to enter into a joint community facilities agreement to exercise any power authorized by the Act; and

WHEREAS, the City desires to enter into such an agreement with the Authority to authorize the Authority to form a community facilities district within the territorial limits of the City to finance public improvements and related development impact fees required of the Development Project and listed in Exhibit 2 referenced hereunder and attached hereto; and

WHEREAS, a form of Acquisition Agreement (the "Acquisition Agreement") between the City and the Developer has been presented to the City Council and is on file with the City Clerk; and

WHEREAS, nothing herein constitutes the City's approval of any applications, Development Project entitlements and/or permits, and such are subject to and contingent upon City Council approval following environmental review in compliance with the California Environmental Quality Act ("CEQA"); and

WHEREAS, nothing herein affects, without limitation, requirements for and/or compliance with any and all applicable and/or necessary improvement standards, land use requirements or subdivision requirements relating to the Development Project or any portion thereof, which obligations are and shall remain independent and subsisting; and

WHEREAS, the City shall not be obligated to accept any improvements, or process an acquisition payment application, until maintenance funding satisfactory to the City is in place; and

WHEREAS, the Developer shall not participate in or be entitled to any City project impact fee mitigation fee credit and/or reimbursement relating to the Development Project including the facilities, City Improvements, and any/all fees financed hereunder, such credit and/or reimbursement shall benefit only the community facilities district referenced herein; and

WHEREAS, the City Council is fully advised in this matter;

NOW THEREFORE, the Council of the City of Fresno hereby finds, determines, declares and resolves as follows:

**Section 1.** The City hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to municipal affairs of the City and the statements, findings and determinations of the City set forth in the recitals above and in the preambles of the documents approved herein are true and correct.

**Section 2.** This resolution shall constitute full "local approval," under Section 9 of the Joint Powers Agreement, and under the Authority's Local Goals and Policies (see below), for the Authority to undertake and conduct proceedings in accordance herewith and under the Act to form a community facilities district (the "Community Facilities District") with boundaries substantially as shown on Exhibit 1, attached hereto, and to authorize a special tax and to issue bonds with respect thereto.

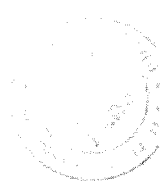
**Section 3.** The Joint Powers Agreement, together with the terms and provisions of this resolution, shall together constitute a joint community facilities agreement between the City and the Authority under the Act. As, without this resolution, the Authority has no power to conduct proceedings under the Act to form the Community Facilities District, adoption by the Commission of the Authority of the Resolution of Intention to form the Community Facilities District under the Act shall constitute acceptance of the terms hereof by the Authority.

**Section 4.** This resolution and the agreement it embodies are determined to be in the best interests of the residents of the City, and of the future residents of the area within the Community Facilities District.

**Section 5.** The City acknowledges that the Authority has adopted Local Goals and Policies as required by Section 53312.7 of the Act. The City approves the use of those Local Goals and Policies for use in connection with the Community Facilities District, and hereby agrees that the Authority may act under those Local Goals and Policies in forming and administering the Community Facilities District.

**Section 6.** Pursuant to the Act and this resolution, the Authority may conduct proceedings under the Act to form the Community Facilities District and to have it authorize the financing of the facilities set forth on Exhibit 2, attached hereto. All of the facilities, whether to be financed directly or through fees, are facilities that have an expected useful life of five years or longer and are facilities that the City or other local public agencies, as the case may be, are authorized by law to construct, own or operate, or to which they may contribute revenue. The facilities are referred to herein as the "City Improvements." The fees are referred to as the "City Fees."

**Section 7.** For fees to be paid to another local agency, the Authority will obtain the written consent of that local agency before issuing bonds to fund such fees, as required by the Act. For the improvements to be owned by other local agencies, the Authority will separately identify them in its proceedings, and will enter into joint community facilities agreements with those local agencies prior to forming the Community Facilities District, as required by the Act.



**Section 8.** The City Council certifies to the Commission of the Authority that all of the City Improvements including the improvements to be constructed with the proceeds of City Fees are necessary to meet increased demands placed upon the City of Fresno as a result of development occurring or expected to occur within the Community Facilities District.

**Section 9.** The Authority will apply the special tax collections initially as required by the documents under which any bonds are issued; and thereafter, to the extent not provided in the bond documents, may pay its own reasonable administrative costs incurred in the administration of the Community Facilities District. The Authority will remit any special tax revenues remaining after the final retirement of all bonds to the City. The City will apply any such special tax revenues it receives for authorized City Improvements and its own administrative costs only as permitted by the Act.

**Section 10.** The Authority will administer the Community Facilities District, including employing and paying all consultants, annually levying the special tax and all aspects of paying and administering the bonds, and complying with all State and Federal requirements appertaining to the proceedings, including the requirements of the United States Internal Revenue Code. The City will cooperate fully with the Authority in respect of the requirements of the Internal Revenue Code and to the extent information is required of the City to enable the Authority to perform its disclosure and continuing disclosure obligations with respect to the bonds, although the City will not participate in nor be considered to be a participant in the proceedings respecting the Community Facilities District (other than as a Party to the agreement embodied by this resolution) nor will the City, except as set forth in the following sentence, be or be considered to be an issuer of the bonds. For the purposes of determining eligibility for the "small issuer" exception to the rebate requirements, and for determining whether debt may be issued as "bank qualified" bonds, and for certain other purposes under the United States Internal Revenue Code, the Community Facilities District bonds will be considered to be issued on behalf of the City in the proportion that the spendable proceeds of the bonds are used to fund City Improvements and City Fees.

**Section 11.** In the event the Authority completes issuance and sale of bonds, and bond proceeds become available to finance the Improvements, the Authority shall establish and maintain a special fund to be known as the "City of Fresno Fancher Creek Project Community Facilities District Acquisition and Construction Fund" (the "Acquisition and Construction Fund") The portion of bond proceeds which is intended to be utilized to finance the Improvements and Fees shall be deposited in the Acquisition and Construction Fund. The Acquisition and Construction Fund will be available both for City Improvements City Fees.

**Section 12.** As respects the Authority, the City agrees to fully administer, and to take full governmental responsibility for, the construction or acquisition of the City Improvements and for the administration and expenditure of the City Fees including but not limited to environmental review, approval of plans and specifications, bid requirements, performance and payment bond requirements, insurance requirements, contract and construction administration, staking, inspection, acquisition of necessary property interests in real or personal property, the holding back and administration of retention payments, punch list administration, and the Authority and the other local agencies shall have no responsibility in that regard. The City

reserves the right, as respects the Developer, to require the Developer to contract with the City to assume any portion or all of this responsibility.


**Section 13.** The City agrees to indemnify and to hold the Authority, its other members, and its and its other members' officers, agents and employees, (collectively, the "Indemnified Parties") harmless from any and all claims, suits and damages (including costs and reasonable attorneys' fees) arising out of the design, engineering, construction and installation of the City Improvements and the improvements to be financed with the City Fees, and any act or omission of the Developer related to the City Improvements. The City reserves the right, as respects the Developer, to require the Developer to assume by contract with the City any portion or all of this responsibility.

**Section 14.** As respects the Authority, the City agrees – once the City Improvements are constructed according to the approved plans and specifications, and the City and the Developer have put in place their agreed arrangements for the funding of maintenance of the City Improvements – to accept ownership of the City Improvements, to take maintenance responsibility for the City Improvements, and to indemnify and hold harmless the Indemnified Parties to the extent provided in the preceding paragraph from any and all claims, etc., arising out of the use and maintenance of the City Improvements. The City reserves the right, as respects the Developer, to require the Developer by contract with the City to assume any portion or all of this responsibility.

**Section 15.** The City acknowledges the requirement of the Act that if the City Improvements are not completed prior to the adoption, by the Authority Commission, of the Resolution of Formation of the Community Facilities District, the City Improvements must be constructed as if they had been constructed under the direction and supervision, or under the authority of, the City. The City acknowledges that this means all City Improvements must be constructed under contracts that require the payment of prevailing wages as required by Section 1720 and following of the Labor Code of the State of California. The Authority makes no representation that this requirement is the only applicable legal requirement in this regard. The City reserves the right, as respects the Developer, to assign appropriate responsibility for compliance with this paragraph to the Developer.

**Section 16.** The Acquisition Agreement now on file with the City Clerk is hereby approved, and the City Manager or his designee is authorized to execute, and deliver to the Developer, the Acquisition Agreement on behalf of the City in substantially the form now on file with the City Clerk, with such changes as shall be approved by the City Attorney after consultation with the Authority's bond counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 17.** After completion of the City Improvements and appropriate arrangements for the maintenance of the City Improvements, or any discrete portion thereof as provided in Section 53313.51 of the Act and in the Acquisition Agreement, to the satisfaction of the City, and in conjunction with the City's acceptance thereof, acquisition of the City Improvements shall be undertaken as provided in Article II of the Acquisition Agreement.



**Section 18.** The City hereby consents to the formation of the Community Facilities District in accordance with this resolution and consents to the assumption of jurisdiction by the Authority for the proceedings respecting the Community Facilities District with the understanding that the Authority will hereafter take each and every step required for or suitable for consummation of the proceedings, the levy, collection and enforcement of the special tax, and the issuance, sale, delivery and administration of the bonds, all at no cost to the City and without binding or obligating the City's general fund or taxing authority.

**Section 19.** The terms of the Agreement embodied by this resolution may be amended by a writing duly authorized, executed and delivered by the City and the Authority, except that no amendment may be made after the issuance of the bonds by the Authority that would be detrimental to the interests of the bondholders without complying with all of the bondholder consent provisions for the amendment of the bond resolutions, bond indentures or like instruments governing the issuance, delivery and administration of all outstanding bonds.

**Section 20.** Except to the extent of the indemnifications in the Agreement embodied by this resolution, and the City's agreement to take responsibility for and ownership of the City Improvements, no person or entity, including the Developer, shall be deemed to be a third party beneficiary of this resolution, and nothing in this resolution (either express or implied) is intended to confer upon any person or entity other than the Authority and the City (and their respective successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this resolution.

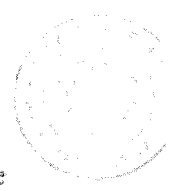
**Section 21.** INTENTIONALLY OMITTED.

**Section 22.** This resolution shall remain in force until all bonds have been retired and the authority to levy the special tax conferred by the Community Facilities District proceedings has ended or is otherwise terminated.

**Section 23.** The City Council hereby authorizes and directs the City Manager, City Finance Director and other appropriate City staff to cooperate with the Authority and its consultants and to do all things necessary and appropriate to carry out the intent of this resolution and the Community Facilities District financing, and to execute any and all certificates and documents in connection with the bond issuance as shall be approved by the City Attorney after consultation with the Authority's bond counsel.

**Section 24.** The City Council hereby approves delivery of a certified copy of this resolution to the Authority.

**Section 25.** The City Council hereby acknowledges that Orrick, Herrington & Sutcliffe LLP ("Orrick") will serve as counsel to the Authority in connection with the formation and administration of the Community Facilities District and the issuance of bonds and will have responsibility for drafting any documents to be entered into by the City and the Authority; and that Orrick currently serves as bond counsel to the City in connection with proposed financing related to the Fresno Metropolitan Museum and to Granite Park. The City Council hereby acknowledges and consents to and waives any conflict that arises from the appointment of Orrick



as counsel to the Authority in connection with the formation and administration of the Community Facilities District and the issuance of bonds.

**Section 26.** This Resolution shall take effect upon its final adoption.

\*\*\*\*\*

STATE OF CALIFORNIA     )  
COUNTY OF FRESNO     ) ss.  
CITY OF FRESNO         )

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the 25<sup>th</sup> day of March, 2010.

AYES:           Borgeas, Brand, Dages, Perea, Sterling, Xiong, Westerlund

NOES:           None

ABSENT:         None

ABSTAIN:        None

MAYOR APPROVAL:	<u>          N/A          </u>	2010
MAYOR APPROVAL/NO RETURN:	<u>          N/A          </u>	2010
MAYOR VETO:	<u>          N/A          </u>	2010
COUNCIL OVERRIDE VETO:	<u>          N/A          </u>	2010

REBECCA E. KLISCH  
City Clerk

By: Rebecca E. Klisch  
Deputy

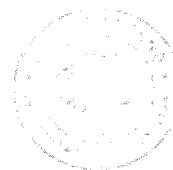
APPROVED AS TO FORM  
CITY ATTORNEY'S OFFICE

By:           R           3-18-10  
Robert R. Coyle, Senior Deputy

m:clh [52743ellvire- fancher creek reso]

A circular diagram (pie chart) showing the distribution of 1000 cases by age group and sex. The chart is divided into 10 segments, each representing a 10% share of the total. The segments are labeled with age groups and sex: 10-19 years (male), 20-29 years (male), 30-39 years (male), 40-49 years (male), 50-59 years (male), 60-69 years (male), 70-79 years (male), 80-89 years (male), 90-99 years (male), and 1000 cases (female). The segments are arranged in a circle, with the 1000 cases (female) segment at the top.





Fancher Creek Properties					
		Assessor's Parcel Numbers			
Town Center		313-021-01			
		313-101-22 (Tom Richards)			
		313-101-24			
Village Center		313-021-25			
		313-280-72			

Business Park		310-132-01 Through 09			
		310-133-01 Through 06			
		313-270-57 Through 85			

EXHIBIT 2

**AUTHORIZED IMPROVEMENTS AND FEES**

**STREETS**

Clovis Avenue

Fancher Creek to Belmont

Fowler Avenue

Kings Canyon to Fancher Creek Drive

Fancher Creek Drive to Fancher Creek

Fancher Creek to Grant Avenue

Fancher Creek Drive

Fancher Creek at the Tulare Alignment to 700' Easterly

Fowler Avenue Easterly to Tentative Tract 5232

Fancher Creek to the West boundary of P.M. 2004-36

P.M. 2004-36 Frontage

Renn Avenue to Fowler Avenue within Tentative Tract 5232

East of Fowler Avenue

Kings Canyon Road

East boundary of Final Tract 5232 to Fowler Avenue

Fowler Avenue Easterly to Tentative Tract 5232

Tentative Tract 5232 frontage East of Fowler Avenue

Belmont Avenue

Sunnyside Avenue to Fowler Avenue

Fowler Avenue to Armstrong Avenue (PM 2004-36)

Fowler Avenue to Armstrong Avenue (North Side)

Clovis Avenue to Sunnyside Avenue

Armstrong Avenue

Fancher Creek Drive to Belmont Avenue

Belmont Avenue to Harvey Avenue

Armstrong Avenue Diagonal

Fancher Creek Drive to the East boundary of Tentative Tract 5232

Tulare Avenue



Clovis Avenue to Fancher Creek  
Fancher Creek to Argyle Avenue

Local Streets

Adjacent to and within P.M. 2004-36 located North of Belmont  
Avenue  
Within P.M. 2004-36 located South of Belmont  
Avenue

**BRIDGES**

Fancher Creek Bridge

Fancher Creek Drive between Fowler Avenue and Armstrong  
Avenue  
Fowler Avenue Widening

**TRAFFIC SIGNALS**

Fancher Creek Drive

at Clovis Avenue

Tulare Avenue

at Clovis Avenue  
at Minnewawa Avenue  
at Fowler Avenue

Belmont Avenue

at Minnewawa Avenue  
at Sunnyside Avenue  
at Armstrong Avenue

Kings Canyon Road

at Fowler Avenue

**TRAFFIC SIGNAL INTERTIE**

Clovis Avenue

Kings Canyon Road to Belmont Avenue



## **SEWER MAINS**

### Argyle Avenue

100' North of Beck Avenue to Fancher Creek Drive

### Fancher Creek Drive

Argyle Avenue to Fancher Creek Town Center

Fowler Avenue Easterly to Tentative Tract 5232

Within Tentative Tract 5232

### Belmont Avenue

Armstrong Avenue to 450' East of Fowler Avenue

### Armstrong Avenue

Laverne Avenue to Freeway 180

R.O.W.

Belmont Avenue to Harvey Avenue

### Local Streets and Easements

Adjacent to and within P.M. 2004-36 located North of Belmont Avenue

Within P.M. 2004-36 located South of Belmont Avenue

## **WATER MAINS**

### Fancher Creek Drive

Fowler Avenue Easterly to Tentative Tract 5232

Fancher Creek to the West boundary of P.M. 2004-36

P.M. 2004-36 Frontage

Within Tentative Tract 5232 East of Fowler Avenue

### Armstrong Avenue

Fancher Creek Drive to Belmont Avenue

Belmont Avenue to Harvey Avenue

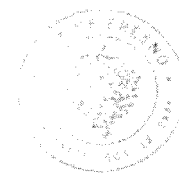
### Armstrong Avenue Diagonal

Fancher Creek Drive to the East boundary to Tentative Tract 5232

### Local Streets and Easements

Adjacent to and within P.M. 2004-36 located North of Belmont Avenue

Within P.M. 2004-36 located South of Belmont Avenue



## **WATER SUPPLY**

City of Fresno Water Well

## **STORM DRAIN**

FMFCD facilities within Fancher Creek Town Center  
In Fancher Creek Drive and easements from Fancher Creek to Basin BO  
In Belmont Avenue from Basin BO to Armstrong Avenue  
In Armstrong Avenue from Belmont Avenue to Harvey Avenue  
In Armstrong Avenue from Laverne Avenue to Freeway 180 R.O.W.  
In the local streets and easements within P.M. 2004-36

## **DRY UTILITIES**

In easements within the Fancher Creek Town Center  
In streets and easements within P.M. 2004-36

## **TRAIL**

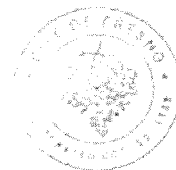
Within Fancher Creek Town Center  
Along Tulare Avenue from the Fancher Creek Town Center to Outlot F of Final Tract 5232

## **LANDSCAPING**

East side of Armstrong from Fancher Creek Drive to Freeway 180 R.O.W.

## **DEVELOPMENT IMPACT FEES**

1. Citywide Regional Street Impact Fees - this fee is charged on a Citywide basis to fund the construction and widening of the primary, regionally significant streets in the City of Fresno, in order to mitigate the impacts from new development upon the roadway network.
2. New Growth Area Major Street Impact Fees - this fee is charged within the designated "New Growth Area" of the City to fund the construction and widening of the balance of the planned major streets within the New Growth Area, namely the arterial and collector street system.
3. Citywide Traffic Signal Mitigation Impact Fees - this fee is charged on a Citywide basis and funds the installation of new traffic signals to serve new development and for the modification of existing traffic signals to provide the additional capacity to mitigate impacts from new development
4. Wastewater Facilities Sewer Charge - this fee pays for capacity expansion at the City's wastewater treatment plant to accommodate new development



5. Urban Growth Management ("UGM") Trunk Sewer charges - this fee pays for the trunk sewers necessary to handle sewer flows from the new development
6. UGM Oversize Sewer charges - this fee pays for the sewer capacity needed in the oversize sewers in the collection system (10" and larger, but smaller than the trunk sewers) to serve new development
7. UGM Water Supply Fees - this fee pays for water wells to serve new development
8. UGM Transmission Grid Main Fees - this fee pays for the 14"-16" diameter distribution water mains that are necessary to serve new development
9. UGM Wellhead Treatment - this is an additional fee beyond the water supply that addresses facilities necessary to provide for wellhead treatment at sites serving new development
10. Recharge Area No. 501-S Fee - this fee pays for improvements needed to provide for groundwater recharge within the service area that this development is proposed for
11. Transmission Grid Main Bond Debt Service Charge - this fee pays for the water transmission grid main improvements that were previously bonded for and constructed in order to serve new development
12. Citywide Fire Facilities Impact Fees - this fee is charged on a Citywide basis to pay for the fire facilities needed to serve new development, including new and upgraded fire stations, equipment and vehicles
13. Citywide Police Facilities Impact Fees - this fee is charged on a Citywide basis to pay for the police facilities needed to serve new development, including new and upgraded police stations, equipment and vehicles
14. Citywide Park Facilities Impact Fees and Quimby Parkland Dedication Fees - these fees are charged on a Citywide basis to residential uses only. The fee mitigates the impact from new residential development and funds the acquisition and development of parkland and regional trails in order to provide the 2025 General Plan service level of 3 acres of green space per 1,000 new residents.

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**PROPOSED BOUNDARIES OF  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-1  
(Fancher Creek)  
CITY OF FRESNO  
COUNTY OF FRESNO  
STATE OF CALIFORNIA**

(1) Filed in the office of the Secretary of California Statewide Communities Development Authority this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Secretary, California Statewide  
Communities Development Authority

**Assessor Parcels within  
Improvement Area 1:**

310-132-01 through 310-132-09  
310-133-01 through 310-133-06  
313-270-57 through 313-270-85

**Assessor Parcels within  
Improvement Area 2:**

313-021-01  
313-060-07 through 313-060-08  
313-101-22  
313-101-24

**Assessor Parcels within  
Future Annexation Area:**

313-021-02T through 313-021-03T

**Assessor Parcels within  
Improvement Area 3:**

313-021-29 through 313-021-31  
313-280-72

(2) I hereby certify that the within map showing the proposed boundaries of California Statewide Communities Development Authority Community Facilities District No. 2012-1 (Fancher Creek), City of Fresno, County of Fresno, State of California, was approved by the Commission of the California Statewide Communities Development Authority at a regular meeting thereof, held on this \_\_\_\_\_ day of \_\_\_\_\_, 2012, by its Resolution No. \_\_\_\_\_.

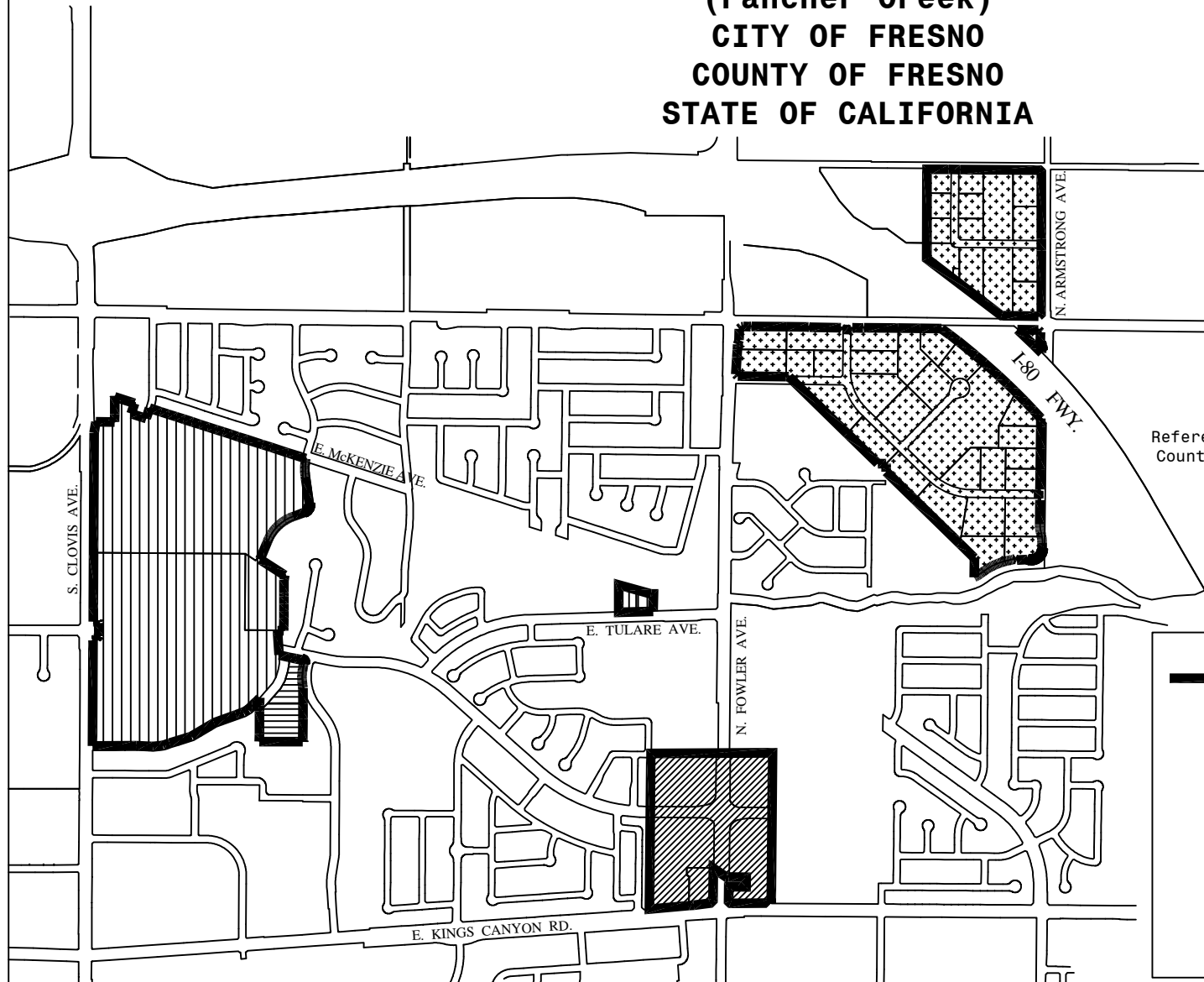
\_\_\_\_\_  
Secretary, California Statewide  
Communities Development Authority

(3) Filed this \_\_\_\_ day of \_\_\_\_\_, 2012, at the hour of \_\_\_\_ o'clock \_\_\_\_m, in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at Page \_\_\_\_\_ and as Instrument No. \_\_\_\_\_ in the office of the County Recorder in the County of Fresno, State of California.

Paul Dictos, CPA  
Assessor-Recorder, County of Fresno  
By \_\_\_\_\_ Deputy  
Fee \_\_\_\_\_






Exempt recording requested,  
per CA Government Code §6103

**PROPOSED BOUNDARIES OF  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-1  
(Fancher Creek)  
CITY OF FRESNO  
COUNTY OF FRESNO  
STATE OF CALIFORNIA**



Reference is hereby made to the Assessor maps of the County of Fresno for a description of the lines and dimensions of these parcels.

**LEGEND**

		Proposed Boundaries of California Statewide Communities Development Authority Community Facilities District No. 2012-1 (Fancher Creek), City of Fresno, County of Fresno, California
31n-nnn-nn	Assessor Parcel Number	
	Improvement Area 1	
	Improvement Area 2	
	Future Annexation Area	
	Improvement Area 3	

**RATE AND METHOD OF APPORTIONMENT FOR  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-2  
IMPROVEMENT AREA No. 1  
FANCHER CREEK BUSINESS PARK**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 of CSCDA Community Facilities District No. 2012-2 (Fancher Creek Business Park) ("CFD No. 2012-2 (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2012-2013, in an amount determined by the Commission, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2012-2 (IA No. 1) 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, parcel map, condominium plan, or other recorded County parcel map.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2012-2 (IA No. 1): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CSCDA Program Manager or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to CSCDA, CFD No. 2012-2 (IA No. 1), or any designee thereof of complying with arbitrage rebate requirements; the costs to CSCDA, CFD No. 2012-2 (IA No. 1), or any designee thereof of complying with CSCDA, CFD No. 2012-2 (IA No. 1), or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of CSCDA, CFD No. 2012-2 (IA No. 1), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and CSCDA's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by CSCDA or CFD No. 2012-2 (IA No. 1) for any other administrative purposes of CFD No. 2012-2 (IA No. 1), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"Assessor's 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 of the County designating parcels by Assessor’s parcel number.

**“Bond Costs”** means for (i) any bond issue secured by any Other Improvement Area in CFD No. 2012-2, all debt service payments, administrative expenses, and amounts required to establish or replenish any bond reserve funds, and any other use of Special Taxes for such bond issues required by the indenture, fiscal agent agreement, or other agreement governing the terms of such bond issue.

**“Building Permit”** means a permit issued by the City or County, as applicable, for the construction of a residential or non-residential building on an Assessor’s Parcel.

**“CFD No. 2012-2 (IA No. 1)”** means CSCDA Community Facilities District No. 2012-2 (Improvement Area No. 1) which covers Fancher Creek Business Park.

**“CFD No. 2012-2 (IA No. 1) Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, authorized by CFD No. 2012-2 (IA No. 1) under the Act and issued by CSCDA.

**“City”** means the City of Fresno.

**“Commission”** means the governing board of CSCDA.

**“Construction Inflation Index”** means the annual positive percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CSCDA Program Manager that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

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

**“CSCDA”** means the California Statewide Communities Development Authority.

**“CSCDA Program Manager”** means the CFD program manager for CSCDA.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued after January 1, 2012 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**“Final Subdivision”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

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

**“Goals and Policies”** means the Mello-Roos Community Facilities Act of 1982 Goals and Policies, as adopted by the Commission.

**“Indenture”** means the indenture, fiscal agent 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.

**“Land Use Class”** means any of the classes listed in Table 1 and Exhibit A, below

**“Maximum Special Tax”** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied by the Commission in any Fiscal Year on any Assessor’s Parcel of Developed Property.

**“Non-Residential Building Square Footage”** means the total gross building square footage of non-residential property lying within an Assessor’s Parcel for which one or more non-residential building permits have been issued. Such square footage shall be measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the building permit(s) issued for that Assessor’s Parcel, or if these are not available, as otherwise determined by the CSCDA Program Manager.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction of one or more non-residential units or facilities has been issued by the City or other governmental agency.

**“Other Improvement Area”** means an improvement area located within CFD No. 2012-2, other than CFD No. 2012-2 (IA No. 1).

**“Other Improvement Area Bonds”** means all bonds authorized by and secured by the special taxes on the property within Other Improvement Areas in the manner and for the duration set forth in one or more indentures, fiscal agent agreements, or other agreements governing the terms of such bonds.

**“Outstanding Bonds”** means all CFD No. 2012-2 (IA No. 1) Bonds which remain outstanding under the Indenture.

**“Property Owner Association Property”** means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2012-2 (IA No. 1) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner’s association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of acres to be classified as Property Owner

Association Property or Public Property cannot exceed 17.55 acres, as described in Section F of this RMA.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per acre to the Maximum Special Tax per acre is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2012-2 (IA No. 1) that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of acres to be classified as Property Owner Association Property or Public Property cannot exceed 17.55 acres, as described in Section F of this RMA.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year for CFD No. 2012-2 (IA No. 1) to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the CFD No. 2012-2 (IA No. 1) Bonds, including but not limited to, credit enhancement and rebate payments on the CFD No. 2012-2 (IA No. 1) Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for construction of CFD No. 2012-2 (IA No. 1) facilities eligible under the Act to the extent that inclusion of this amount does not increase the levy of the Special Tax beyond the first step in Section E; (vi) pay Bond Costs for Other Improvement Area Bonds to the extent that Special Taxes secure an issue of Other Improvement Area Bonds; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CSCDA Program Manager pursuant to the Indenture.

**“State”** means the State of California.

**“Supplemental Improvement Area”** means any Other Improvement Area that has been specifically designated as additional collateral for CFD No. 2012-2 (IA No. 1) Bonds as authorized in the Indenture. The Supplemental Improvement Area shall be retained as additional collateral and security for CFD No. 2012-2 (IA No. 1) Bonds until conditions for the release of the special taxes in the Supplemental Improvement Area, as set forth in the Indenture, are satisfied.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2012-2 (IA No. 1) that is not Public Property or Property Owner Association Property.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2012-2 (IA No. 1) shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and E below.

**C. MAXIMUM SPECIAL TAX RATE**

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 1) Bonds, the Maximum Special Tax on Developed Property and Undeveloped Property (set forth in Sections C.1 and C.2 below) may be reduced in accordance with, and subject to the conditions set forth in this section C without the need for any proceedings to make changes as permitted under the Act. At that time, if it is reasonably determined by the CSCDA Program Manager that the overlapping debt burden calculated pursuant to the Goals and Policies based upon the Maximum Special Tax on Developed Property exceeds the CSCDA’s maximum overlapping debt burden objective set forth in the Goals and Policies, the Maximum Special Tax on Developed Property may be reduced to the amount necessary to equal such maximum overlapping debt burden level by the CSCDA Program Manager without need for any additional Commission proceedings. Similarly, at that time, if it is reasonably determined by the CSCDA Program Manager that the current Maximum Special Tax on Developed Property is greater than required to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 1) Bonds plus Administrative Expenses, the Maximum Special Tax on Developed Property may be reduced the amount necessary to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 1) Bonds plus Administrative Expenses without need for any additional proceedings. Furthermore, if appropriate, the CSCDA Program Manager may reduce the Maximum Special Tax for Undeveloped Property to the minimum amount necessary to allow CFD No. 2012-2 (IA No. 1) to collect the Maximum Special Tax equal to 110% debt service coverage on expected future CFD No. 2012-2(IA No. 1) Bonds plus Administrative Expenses. There is no requirement that the CSCDA Program Manager reduce the Special Taxes for each of the Land Use Classes under this Section C in a proportionate manner if the CSCDA Program Manager determines that a disproportionate reduction of Maximum Special Tax levels among Land Use Classes would be appropriate for purposes of reducing the maximum overlapping debt burden, or would improve the viability of future development within CFD No. 2012-2 (IA No. 1).

The reductions permitted pursuant to the preceding paragraph shall be reflected in an amended notice of Special Tax lien which the CSCDA Program Manager shall cause to be recorded after executing a certificate in substantially the form attached herein as Exhibit A. Additional reductions in the Maximum Special Tax for Developed Property

and the Maximum Special Tax for Undeveloped Property may also be implemented as allowed under Section D below. Notwithstanding the foregoing, under no circumstances may the special taxes be reduced under this Section C during the time that the Special Taxes have been pledged to the payment of Bond Costs for Other Improvement Area Bonds.

## **1. Developed Property**

### **(a). Maximum Special Tax**

The Maximum Special Tax that may be levied and escalated as explained further in Section C.1.(b) below in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown below in Table 1.

**TABLE 1**  
**Maximum Special Tax for Developed Property**  
**Improvement Area No. 1 of CFD No. 2012-2**  
**Fiscal Year 2012-2013**

<b>Land Use Class</b>	<b>Maximum Special Tax</b>
Residential Property	\$ 7,193 per Acre
Non-Residential Property	\$0.48 per square foot of Non-Residential Building Square Footage, or \$7,193 per Acre, when applied, whichever is greater

### **(b). Increase in the Maximum Special Tax**

The Fiscal Year 2012-2013 Maximum Special Tax, identified in Table 1 above, as such Table may be amended and restated in full pursuant to this Rate and Method of Apportionment, shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

## **2. Undeveloped Property**

### **(a). Maximum Special Tax**

The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$8,179 per acre, and shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the Maximum Special Tax for the previous Fiscal Year.

**D. MAXIMUM SPECIAL TAX REDUCTION – AFTER ISSUANCE OF BONDS**

The following definitions apply to this Section D:

**“Annual Debt Service”** means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

**“Bond Year”** the period starting September 2 and ending on the following September 1.

**“Corresponding Bond Year”** means, for any Fiscal Year, the Bond Year that commences in such Fiscal Year.

**“Debt Service Coverage”** means, as of the Determination Date, for any Fiscal Year, the quotient, expressed as a percentage, of (a) the Net Projected Special Tax Revenues for such Fiscal Year, divided by (b) the Annual Debt Service for the Corresponding Bond Year.

**“Determination Date”** means the first May 1 on which items (a), (b), (c), (d) and (e) in Section D.1 below are determined to be true.

**“Net Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, the remainder of (a) the Projected Special Tax Revenues for such Fiscal Year, minus (b) the Projected Administrative Expenses for such Fiscal Year.

**“Projected Administrative Expenses”** means, as of the Determination Date, (a) for the Fiscal Year in which such Determination Date occurs, 110% of the average actual Administrative Expenses for the preceding five Fiscal Years, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including the July 1 next succeeding such Determination Date to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

**“Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, based on the tax classifications for the Fiscal Year commencing on the July 1 next succeeding such Determination Date, the amount of Maximum Special Taxes that may be levied on all Developed Property pursuant to the Act and this Rate and Method of Apportionment in such Fiscal Year taking into account the loss of any Special Taxes from Developed Property that will no longer be taxed pursuant to Section J (Term of Special Tax).

**“Reduction Percentage”** means, as of the Determination Date, the greatest percentage amount by which the Maximum Special Tax for Developed Property could be reduced that would not cause the Debt Service Coverage in any Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the

Outstanding Bonds to be less than 110%. If the Debt Service Coverage is less than 110% the Reduction Percentage shall equal 0%.

## **1. Determination of Reduction**

On the first May 1 following the date that (i) all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 1) will not issue any additional Bonds (except refunding Bonds in accordance with the Act) and (ii) the Commission has adopted a resolution determining that the Special Tax will no longer be levied to pay directly for the acquisition or construction of eligible improvements, the CSCDA Program Manager shall determine if all of the following are true:

- (a) The balance in the reserve fund established under the Indenture is at or above the reserve requirement;
- (b) CFD No. 2012-2 (IA No. 1) is not in default in the payment of interest on and principal of all Outstanding Bonds;
- (c) Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds is at least equal to 110%; and
- (d) The delinquency rate as of June 30 of the prior Fiscal Year for Special Taxes levied for each prior Fiscal Year did not exceed ten percent (10%) of the amount levied for such Fiscal Year.
- (e) Project Special Tax Revenues are not pledged to the payment of Bond Costs for Other Improvement Areas.

If all five of the above items are true, then the Maximum Tax for all parcels of Developed Property shall be reduced by the amount, if any, determined in Section D.2.

If any one of the five items is not true as of the first May 1 following the date that all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 1) will not issue any additional Bonds (except refunding Bonds in accordance with the Act), then the CSCDA Program Manager shall continue to make such determination each following May 1, until all of the tests are met.

The first May 1 on which all five items are true shall be considered the Determination Date.

## **2. Calculation of Reduction**

The Special Tax reduction shall be calculated by the CSCDA Program Manager as follows:

- (a) Determine the Projected Special Tax Revenues for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal

- Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
- (b) Determine the Projected Administrative Expenses for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
  - (c) Determine the Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
  - (d) Determine the Reduction Percentage.

The Maximum Special Tax for Developed Property for the Fiscal Year commencing on the July 1 following the Determination Date shall be reduced from the amount that otherwise would have been in effect pursuant to this Rate and Method of Apportionment by a percentage amount equal to the Reduction Percentage.

### **3. Certificate of CSCDA Program Manager**

Upon completion of the tests identified in Section D.1 and the calculations in Section D.2, the CSCDA Program Manager shall prepare a Certificate of CSCDA Program Manager in substantially the form attached herein as Exhibit A, that sets forth the results of such tests and the resulting reduced Special Tax rates.

### **4. Recordation of Revised Notice**

Upon receipt of a Certificate of CSCDA Program Manager, an addendum to the Notice of Special Tax Lien shall be recorded. Such addendum shall clearly set forth the revised Special Tax rates.

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

Commencing with Fiscal Year 2012-2013 and for each following Fiscal Year, the CSCDA Program Manager shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equal the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Special Tax Requirement less the amount levied pursuant to the first step above, or (ii) 100% of the Maximum Special Tax for Undeveloped Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then if required to satisfy the Indenture, a special tax shall be levied on each Assessor's Parcel of taxable property located within the Supplemental Improvement Areas pledged to CFD No. 2012-2 (IA No. 1) Bonds, based on the rate and method of apportionment of special taxes for these Supplemental Improvement Areas.

Notwithstanding the above, the CSCDA Program Manager or its designee may, in any Fiscal Year, levy Proportionately less than 100% of the Maximum Special Tax in the first step (above), when (i) the Commission or its designee is no longer required to levy the Special Tax pursuant to the second and third steps (above) in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 2012-2 (IA No. 1) Bonds have already been issued or the Commission has covenanted that it will not issue any additional CFD No. 2012-2 (IA No. 1) Bonds (except refunding bonds) to be supported by the Special Tax.

#### **F. EXEMPTIONS**

No Special Tax shall be levied on up to 17.55 acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 1). Tax-exempt status will be assigned by the CSCDA Program Manager in the chronological order in which property in CFD No. 2012-2 (IA No. 1) becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 1) Bonds, the CSCDA Program Manager may increase the final number of tax-exempt acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 1) to better reflect the actual tax-exempt acreage within CFD No. 2012-2 (IA No. 1).

#### **G. REVIEW/APPEAL PROCESS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with CSCDA, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CSCDA Program Manager or its designee shall review the appeal, meet with the appellant if the CSCDA Program Manager deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the CSCDA Program Manager agrees with the appellant, the CSCDA Program Manager shall make a recommendation to the Commission to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of the Commission or its designee must be obtained prior to any such elimination or reduction. If the CSCDA Program Manager disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the Commission by filing a written notice of appeal with the Secretary of the Commission, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CSCDA Program

Manager's determination. The Secretary of the Commission shall schedule the appeal to be heard before the Commission within sixty (60) days after receipt of the second appeal.

Interpretations may be made by the Commission by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

## **H. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2012-2 (IA No. 1) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **I. PREPAYMENT OF SPECIAL TAX**

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 2012-2 (IA No. 1) is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or Assessor's Parcels of Undeveloped Property for which a building permit has been issued, and only if 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 CSCDA Program Manager with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CSCDA Program Manager shall notify such owner of the prepayment amount of such Assessor's Parcel. The CSCDA Program Manager may charge a reasonable fee for providing this service. If there are Outstanding Bonds, Prepayment must be made not less than forty-five (45) days prior to the next occurring date that notice of redemption of CFD No. 2012-2 (IA No. 1) Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The following definition applies to this Section I:

**"Buildout"** means, for CFD No. 2012-2 (IA No. 1), that all expected building permits for non-residential development to be constructed in CFD No. 2012-2 (IA No. 1) have been issued, as reasonably determined by the CSCDA Program Manager.

**"CFD Public Facilities"** means either \$6,495,000 in 2012 dollars, or (ii) shall be determined by the Commission concurrently with a covenant that it will not issue any more CFD No. 2012-2 (IA No. 1) Bonds (other than refunding CFD No. 2012-2 (IA No. 1) Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

**"Construction Fund"** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

**“Future Facilities Costs”** means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

**“Outstanding Bonds”** means all Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

## **1. Prepayment in Full – After Issuance of Bonds**

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

### **Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, compute the Maximum Special Tax for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Assessor’s Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for the entire CFD No. 2012-2 (IA No. 1) based on the Developed Property Maximum Special Taxes which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2012-2 (IA No. 1), excluding any Assessor’s Parcels which have been prepaid, and
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).

6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2012-2 (IA No. 1), including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2012-2 (IA No. 1) Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, 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"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. The Prepayment Amount (less the amount computed pursuant to paragraph 12) shall be deposited into the appropriate fund and applied as set forth in the Indenture. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2012-2 (IA No. 1).

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2012-2 (IA No. 1) Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CSCDA Program Manager shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Commission shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on expected Taxable Property at buildout of CFD No. 2012-2 (IA No. 1) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A.$$

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section I.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section I.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CSCDA Program Manager of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid.

With respect to any Assessor's Parcel that is partially prepaid, the Commission shall (i) distribute the funds remitted to it according to Section I.1, and (ii) indicate in the records of CFD No. 2012-2 (IA No. 1) that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage  $(1.00 - F)$  of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section E.

**J. TERM OF SPECIAL TAX**

The Special Tax shall be levied upon an Assessor's Parcel of Developed Property for a maximum of 40 years, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CSCDA Program Manager has determined that all required interest and principal payments on the CFD No. 2012-2 (IA No. 1) Bonds have been paid and the Commission has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

[http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA\(IA1\)\\_Final.doc](http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA(IA1)_Final.doc)

## EXHIBIT A

### CERTIFICATE TO AMEND SPECIAL TAX

#### CSCDA CFD No. 2012-2 (IA No. 1) TAX REDUCTION CERTIFICATE

1. Pursuant to Sections C and D of the Rate and Method of Apportionment, the California Statewide Communities Development Authority ("CSCDA") hereby reduces the Maximum Special Tax for Developed Property and Undeveloped Property within CFD No. 2012-2 (IA No. 1).
  - (a) The information in Table 1 relating to the Fiscal Year 2012-2013 Maximum Special Tax for Developed Property within CFD No. 2012-2 (IA No. 1) shall be modified to be the following:

Land Use Class	Maximum Special Tax
Residential Property	\$ [.....] per dwelling unit
Non-Residential Property	\$[.....] per square foot of Non-Residential Building Square Footage, or \$[.....] per Acre, when applied, whichever is greater

- (b) The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$[\_\_\_\_\_] per acre.
2. The CSCDA Program Manager shall cause an amended notice of Special Tax lien for CFD No. 2012-2 (IA No. 1) to be recorded reflecting the modifications set forth herein.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By:\_\_\_\_\_

Date:\_\_\_\_\_

**RATE AND METHOD OF APPORTIONMENT FOR  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-2  
IMPROVEMENT AREA No. 2  
FANCHER CREEK TOWN CENTER**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 2 of CSCDA Community Facilities District No. 2012-2 (Fancher Creek Town Center) ("CFD No. 2012-2 (IA No. 2)") and collected each Fiscal Year commencing in Fiscal Year 2012-2013, in an amount determined by the Commission, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2012-2 (IA No. 2) 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, parcel map, condominium plan, or other recorded County parcel map.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2012-2 (IA No. 2): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CSCDA Program Manager or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to CSCDA, CFD No. 2012-2 (IA No. 2), or any designee thereof of complying with arbitrage rebate requirements; the costs to CSCDA, CFD No. 2012-2 (IA No. 2), or any designee thereof of complying with CSCDA, CFD No. 2012-2 (IA No. 2), or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of CSCDA, CFD No. 2012-2 (IA No. 2), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and CSCDA's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by CSCDA or CFD No. 2012-2 (IA No. 2) for any other administrative purposes of CFD No. 2012-2 (IA No. 2), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**“Assessor’s 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 of the County designating parcels by Assessor’s parcel number.

**“Bond Costs”** means for (i) any bond issue secured by any Other Improvement Area in CFD No. 2012-2, all debt service payments, administrative expenses, and amounts required to establish or replenish any bond reserve funds, and any other use of Special Taxes for such bond issues required by the indenture, fiscal agent agreement, or other agreement governing the terms of such bond issue.

**“Building Permit”** means a permit issued by the City or County, as applicable, for the construction of a residential or non-residential building on an Assessor’s Parcel.

**“CFD No. 2012-2 (IA No. 2)”** means CSCDA Community Facilities District No. 2012-2 (Improvement Area No. 2) which covers the Fancher Creek Town Center project.

**“CFD No. 2012-2 (IA No. 2) Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, authorized by CFD No. 2012-2 (IA No. 2) under the Act and issued by CSCDA.

**“City”** means the City of Fresno.

**“Commission”** means the governing board of CSCDA.

**“Construction Inflation Index”** means the annual positive percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CSCDA Program Manager that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

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

**“CSCDA”** means the California Statewide Communities Development Authority.

**“CSCDA Program Manager”** means the CFD program manager for CSCDA.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued after January 1, 2012 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**“Final Subdivision”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a

condominium plan pursuant to California Civil Code 1352 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

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

**“Goals and Policies”** means the Mello-Roos Community Facilities Act of 1982 Goals and Policies, as adopted by the Commission.

**“Indenture”** means the indenture, fiscal agent 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.

**“Land Use Class”** means any of the classes listed in Table 1 and Exhibit A, below

**“Maximum Special Tax”** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied by the Commission in any Fiscal Year on any Assessor’s Parcel of Developed Property.

**“Non-Residential Building Square Footage”** means the total gross building square footage of non-residential property lying within an Assessor’s Parcel for which one or more non-residential building permits have been issued. Such square footage shall be measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the building permit(s) issued for that Assessor’s Parcel, or if these are not available, as otherwise determined by the CSCDA Program Manager.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction of one or more non-residential units or facilities has been issued by the City or other governmental agency.

**“Other Improvement Area”** means an improvement area located within CFD No. 2012-2, other than CFD No. 2012-2 (IA No. 2).

**“Other Improvement Area Bonds”** means all bonds authorized by and secured by the special taxes on the property within Other Improvement Areas in the manner and for the duration set forth in one or more indentures, fiscal agent agreements, or other agreements governing the terms of such bonds.

**“Outstanding Bonds”** means all CFD No. 2012-2 (IA No. 2) Bonds which remain outstanding under the Indenture.

**“Property Owner Association Property”** means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2012-2 (IA No. 2) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1

preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner's association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of acres to be classified as Property Owner Association Property or Public Property cannot exceed 51.61 acres, as described in Section F of this RMA.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per acre to the Maximum Special Tax per acre is equal for all Assessor's Parcels of Undeveloped Property.

**“Public Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2012-2 (IA No. 2) that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of acres to be classified as Property Owner Association Property or Public Property cannot exceed 51.61 acres, as described in Section F of this RMA.

**“Residential Property”** means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year for CFD No. 2012-2 (IA No. 2) to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the CFD No. 2012-2 (IA No. 2) Bonds, including but not limited to, credit enhancement and rebate payments on the CFD No. 2012-2 (IA No. 2) Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for construction of CFD No. 2012-2 (IA No. 2) facilities eligible under the Act to the extent that inclusion of this amount does not increase the levy of the Special Tax beyond the first step in Section E; (vi) pay Bond Costs for Other Improvement Area Bonds to the extent that Special Taxes secure an issue of Other Improvement Area Bonds; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the

annual Special Tax levy, as determined by the CSCDA Program Manager pursuant to the Indenture.

**“State”** means the State of California.

**“Supplemental Improvement Area”** means any Other Improvement Area that has been specifically designated as additional collateral for CFD No. 2012-2 (IA No. 2) Bonds as authorized in the Indenture. The Supplemental Improvement Area shall be retained as additional collateral and security for CFD No. 2012-2 (IA No. 2) Bonds until conditions for the release of the special taxes in the Supplemental Improvement Area, as set forth in the Indenture, are satisfied.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2012-2 (IA No. 2) that is not Public Property or Property Owner Association Property.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2012-2 (IA No. 2) shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and E below.

**C. MAXIMUM SPECIAL TAX RATE**

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 2) Bonds, the Maximum Special Tax on Developed Property and Undeveloped Property (set forth in Sections C.1 and C.2 below) may be reduced in accordance with, and subject to the conditions set forth in this section C without the need for any proceedings to make changes as permitted under the Act. At that time, if it is reasonably determined by the CSCDA Program Manager that the overlapping debt burden calculated pursuant to the Goals and Policies based upon the Maximum Special Tax on Developed Property exceeds the CSCDA’s maximum overlapping debt burden objective set forth in the Goals and Policies, the Maximum Special Tax on Developed Property may be reduced to the amount necessary to equal such maximum overlapping debt burden level by the CSCDA Program Manager without need for any additional Commission proceedings. Similarly, at that time, if it is reasonably determined by the CSCDA Program Manager that the current Maximum Special Tax on Developed Property is greater than required to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 2) Bonds plus Administrative Expenses, the Maximum Special Tax on Developed Property may be reduced the amount necessary to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 2) Bonds plus Administrative Expenses without need for any

additional proceedings. Furthermore, if appropriate, the CSCDA Program Manager may reduce the Maximum Special Tax for Undeveloped Property to the minimum amount necessary to allow CFD No. 2012-2 (IA No. 2) to collect the Maximum Special Tax equal to 110% debt service coverage on expected future CFD No. 2012-2(IA No. 2) Bonds plus Administrative Expenses. There is no requirement that the CSCDA Program Manager reduce the Special Taxes for each of the Land Use Classes under this Section C in a proportionate manner if the CSCDA Program Manager determines that a disproportionate reduction of Maximum Special Tax levels among Land Use Classes would be appropriate for purposes of reducing the maximum overlapping debt burden, or would improve the viability of future development within CFD No. 2012-2 (IA No. 2).

The reductions permitted pursuant to the preceding paragraph shall be reflected in an amended notice of Special Tax lien which the CSCDA Program Manager shall cause to be recorded after executing a certificate in substantially the form attached herein as Exhibit A. Additional reductions in the Maximum Special Tax for Developed Property and the Maximum Special Tax for Undeveloped Property may also be implemented as allowed under Section D below. Notwithstanding the foregoing, under no circumstances may the special taxes be reduced under this Section C during the time that the Special Taxes have been pledged to the payment of Bond Costs for Other Improvement Area Bonds.

# **1. Developed Property**

## (a). Maximum Special Tax

The Maximum Special Tax that may be levied and escalated as explained further in Section C.1.(b) below in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown below in Table 1.

**TABLE 1**  
**Maximum Special Tax for Developed Property**  
**Improvement Area No. 2 of CFD No. 2012-2**  
**Fiscal Year 2012-2013**

Land Use Class	Maximum Special Tax
Residential Property	\$5,000 per Acre
Non-Residential Property	\$ 0.36 per square foot of Non-Residential Building Square Footage, or \$5,000 per Acre, when applied, whichever is greater

(b). Increase in the Maximum Special Tax

The Fiscal Year 2012-2013 Maximum Special Tax, identified in Table 1 above, as such Table may be amended and restated in full pursuant to this Rate and Method of Apportionment, shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**2. Undeveloped Property**

(a). Maximum Special Tax

The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$5,760 per acre, and shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the Maximum Special Tax for the previous Fiscal Year.

**D. MAXIMUM SPECIAL TAX REDUCTION – AFTER ISSUANCE OF BONDS**

The following definitions apply to this Section D:

**“Annual Debt Service”** means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

**“Bond Year”** the period starting September 2 and ending on the following September 1.

**“Corresponding Bond Year”** means, for any Fiscal Year, the Bond Year that commences in such Fiscal Year.

**“Debt Service Coverage”** means, as of the Determination Date, for any Fiscal Year, the quotient, expressed as a percentage, of (a) the Net Projected Special Tax Revenues for such Fiscal Year, divided by (b) the Annual Debt Service for the Corresponding Bond Year.

**“Determination Date”** means the first May 1 on which items (a), (b), (c), (d) and (e) in Section D.1 below are determined to be true.

**“Net Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, the remainder of (a) the Projected Special Tax Revenues for such Fiscal Year, minus (b) the Projected Administrative Expenses for such Fiscal Year.

**“Projected Administrative Expenses”** means, as of the Determination Date, (a) for the Fiscal Year in which such Determination Date occurs, 110% of the average actual Administrative Expenses for the preceding five Fiscal Years, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including the July 1 next succeeding such Determination Date to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

**“Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, based on the tax classifications for the Fiscal Year commencing on the July 1 next succeeding such Determination Date, the amount of Maximum Special Taxes that may be levied on all Developed Property pursuant to the Act and this Rate and Method of Apportionment in such Fiscal Year taking into account the loss of any Special Taxes from Developed Property that will no longer be taxed pursuant to Section J (Term of Special Tax).

**“Reduction Percentage”** means, as of the Determination Date, the greatest percentage amount by which the Maximum Special Tax for Developed Property could be reduced that would not cause the Debt Service Coverage in any Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds to be less than 110%. If the Debt Service Coverage is less than 110% the Reduction Percentage shall equal 0%.

## **1. Determination of Reduction**

On the first May 1 following the date that (i) all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 2) will not issue any additional Bonds (except refunding Bonds in accordance with the Act) and (ii) the Commission has adopted a resolution determining that the Special Tax will no longer be levied to pay directly for the acquisition or construction of eligible improvements, the CSCDA Program Manager shall determine if all of the following are true:

- (a) The balance in the reserve fund established under the Indenture is at or above the reserve requirement;
- (b) CFD No. 2012-2 (IA No. 2) is not in default in the payment of interest on and principal of all Outstanding Bonds;
- (c) Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds is at least equal to 110%; and
- (d) The delinquency rate as of June 30 of the prior Fiscal Year for Special Taxes levied for each prior Fiscal Year did not exceed ten percent (10%) of the amount levied for such Fiscal Year.
- (e) Project Special Tax Revenues are not pledged to the payment of Bond Costs for Other Improvement Areas.

If all five of the above items are true, then the Maximum Tax for all parcels of Developed Property shall be reduced by the amount, if any, determined in Section D.2.

If any one of the five items is not true as of the first May 1 following the date that all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 2) will not issue any additional Bonds (except refunding Bonds in accordance with the Act), then the CSCDA Program Manager shall continue to make such determination each following May 1, until all of the tests are met.

The first May 1 on which all five items are true shall be considered the Determination Date.

## **2. Calculation of Reduction**

The Special Tax reduction shall be calculated by the CSCDA Program Manager as follows:

- (a) Determine the Projected Special Tax Revenues for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
- (b) Determine the Projected Administrative Expenses for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
- (c) Determine the Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
- (d) Determine the Reduction Percentage.

The Maximum Special Tax for Developed Property for the Fiscal Year commencing on the July 1 following the Determination Date shall be reduced from the amount that otherwise would have been in effect pursuant to this Rate and Method of Apportionment by a percentage amount equal to the Reduction Percentage.

## **3. Certificate of CSCDA Program Manager**

Upon completion of the tests identified in Section D.1 and the calculations in Section D.2, the CSCDA Program Manager shall prepare a Certificate of CSCDA

Program Manager in substantially the form attached herein as Exhibit A, that sets forth the results of such tests and the resulting reduced Special Tax rates.

#### **4. Recordation of Revised Notice**

Upon receipt of a Certificate of CSCDA Program Manager, an addendum to the Notice of Special Tax Lien shall be recorded. Such addendum shall clearly set forth the revised Special Tax rates.

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

Commencing with Fiscal Year 2012-2013 and for each following Fiscal Year, the CSCDA Program Manager shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equal the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Special Tax Requirement less the amount levied pursuant to the first step above, or (ii) 100% of the Maximum Special Tax for Undeveloped Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then if required to satisfy the Indenture, a special tax shall be levied on each Assessor's Parcel of taxable property located within the Supplemental Improvement Areas pledged to CFD No. 2012-2 (IA No. 2) Bonds, based on the rate and method of apportionment of special taxes for these Supplemental Improvement Areas.

Notwithstanding the above, the CSCDA Program Manager or its designee may, in any Fiscal Year, levy Proportionately less than 100% of the Maximum Special Tax in the first step (above), when (i) the Commission or its designee is no longer required to levy the Special Tax pursuant to the second and third steps (above) in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 2012-2 (IA No. 2) Bonds have already been issued or the Commission has covenanted that it will not issue any additional CFD No. 2012-2 (IA No. 2) Bonds (except refunding bonds) to be supported by the Special Tax.

### **F. EXEMPTIONS**

No Special Tax shall be levied on up to 51.61 acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 2). In addition to these 51.61 acres, all of Assessor's Parcel Numbers 313-060-07 and 313-060-08 shall be exempted from the

Special Tax. Tax-exempt status will be assigned by the CSCDA Program Manager in the chronological order in which property in CFD No. 2012-2 (IA No. 2) becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 2) Bonds, the CSCDA Program Manager may increase the final number of tax-exempt acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 2) to better reflect the actual tax-exempt acreage within CFD No. 2012-2 (IA No. 2).

#### **G. REVIEW/APPEAL PROCESS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with CSCDA, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CSCDA Program Manager or its designee shall review the appeal, meet with the appellant if the CSCDA Program Manager deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the CSCDA Program Manager agrees with the appellant, the CSCDA Program Manager shall make a recommendation to the Commission to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of the Commission or its designee must be obtained prior to any such elimination or reduction. If the CSCDA Program Manager disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the Commission by filing a written notice of appeal with the Secretary of the Commission, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CSCDA Program Manager's determination. The Secretary of the Commission shall schedule the appeal to be heard before the Commission within sixty (60) days after receipt of the second appeal.

Interpretations may be made by the Commission by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

#### **H. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2012-2 (IA No. 2) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

#### **I. PREPAYMENT OF SPECIAL TAX**

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 2012-2 (IA No. 2) is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or Assessor's Parcels of Undeveloped Property for which a building permit has been issued, and only if 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 CSCDA Program Manager with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CSCDA Program Manager shall notify such owner of the prepayment amount of such Assessor's Parcel. The CSCDA Program Manager may charge a reasonable fee for providing this service. If there are Outstanding Bonds, Prepayment must be made not less than forty-five (45) days prior to the next occurring date that notice of redemption of CFD No. 2012-2 (IA No. 2) Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The following definition applies to this Section I:

**“Buildout”** means, for CFD No. 2012-2 (IA No. 2), that all expected building permits for non-residential development to be constructed in CFD No. 2012-2 (IA No. 2) have been issued, as reasonably determined by the CSCDA Program Manager.

**“CFD Public Facilities”** means either \$\_\_\_ million in 2012 dollars, or (ii) shall be determined by the Commission concurrently with a covenant that it will not issue any more CFD No. 2012-2 (IA No. 2) Bonds (other than refunding CFD No. 2012-2 (IA No. 2) Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

**“Future Facilities Costs”** means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

**“Outstanding Bonds”** means all Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

## **1. Prepayment in Full – After Issuance of Bonds**

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Assessor's Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for the entire CFD No. 2012-2 (IA No. 2) based on the Developed Property Maximum Special Taxes which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2012-2 (IA No. 2), excluding any Assessor's Parcels which have been prepaid, and
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2012-2 (IA No. 2), including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2012-2 (IA No. 2) Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, 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"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. The Prepayment Amount (less the amount computed pursuant to paragraph 12) shall be deposited into the appropriate fund and applied as set forth in the Indenture. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2012-2 (IA No. 2).

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2012-2 (IA No. 2) Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CSCDA Program Manager shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Commission shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on expected Taxable Property at buildout of CFD No. 2012-2 (IA No. 2) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A.$$

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section I.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section I.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CSCDA Program Manager of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid.

With respect to any Assessor's Parcel that is partially prepaid, the Commission shall (i) distribute the funds remitted to it according to Section I.1, and (ii) indicate in the records of CFD No. 2012-2 (IA No. 2) that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section E.

## **J. TERM OF SPECIAL TAX**

The Special Tax shall be levied upon an Assessor's Parcel of Developed Property for a maximum of 40 years, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CSCDA Program Manager has determined that all required interest and principal payments on the CFD No. 2012-2 (IA No. 2) Bonds have been paid and the Commission has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

[http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA\(IA2\)Final.doc](http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA(IA2)Final.doc)

## EXHIBIT A

### CERTIFICATE TO AMEND SPECIAL TAX

#### CSCDA CFD No. 2012-2 (IA No. 2) TAX REDUCTION CERTIFICATE

1. Pursuant to Sections C and D of the Rate and Method of Apportionment, the California Statewide Communities Development Authority ("CSCDA") hereby reduces the Maximum Special Tax for Developed Property and Undeveloped Property within CFD No. 2012-2 (IA No. 2).
  - (a) The information in Table 1 relating to the Fiscal Year 2012-2013 Maximum Special Tax for Developed Property within CFD No. 2012-2 (IA No. 2) shall be modified to be the following:

Land Use Class	Maximum Special Tax
Residential Property	\$ [.....] per dwelling unit
Non-Residential Property	\$[.....] per square foot of Non-Residential Building Square Footage, or \$[.....] per Acre, when applied, whichever is greater

- (b) The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$[\_\_\_\_\_] per acre.
2. The CSCDA Program Manager shall cause an amended notice of Special Tax lien for CFD No. 2012-2 (IA No. 2) to be recorded reflecting the modifications set forth herein.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By:\_\_\_\_\_

Date:\_\_\_\_\_

**RATE AND METHOD OF APPORTIONMENT FOR  
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY  
COMMUNITY FACILITIES DISTRICT NO. 2012-2  
IMPROVEMENT AREA No. 3  
VILLAGE CENTER**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 3 of CSCDA Community Facilities District No. 2012-2 (Fancher Creek) ("CFD No. 2012-2 (IA No. 3)") and collected each Fiscal Year commencing in Fiscal Year 2012-2013, in an amount determined by the Commission, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2012-2 (IA No. 3) 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, parcel map, condominium plan, or other recorded County parcel map.

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2012-2 (IA No. 3): the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the CSCDA Program Manager or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to CSCDA, CFD No. 2012-2 (IA No. 3), or any designee thereof of complying with arbitrage rebate requirements; the costs to CSCDA, CFD No. 2012-2 (IA No. 3), or any designee thereof of complying with CSCDA, CFD No. 2012-2 (IA No. 3), or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of CSCDA, CFD No. 2012-2 (IA No. 3), or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and CSCDA's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by CSCDA or CFD No. 2012-2 (IA No. 3) for any other administrative purposes of CFD No. 2012-2 (IA No. 3), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"Assessor's 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 of the County designating parcels by Assessor’s parcel number.

**“Bond Costs”** means for (i) any bond issue secured by any Other Improvement Area in CFD No. 2012-2, all debt service payments, administrative expenses, and amounts required to establish or replenish any bond reserve funds, and any other use of Special Taxes for such bond issues required by the indenture, fiscal agent agreement, or other agreement governing the terms of such bond issue.

**“Building Permit”** means a permit issued by the City or County, as applicable, for the construction of a residential or non-residential building on an Assessor’s Parcel.

**“CFD No. 2012-2 (IA No. 3)”** means CSCDA Community Facilities District No. 2012-2 (Improvement Area No. 3) which covers the Village Center project.

**“CFD No. 2012-2 (IA No. 3) Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, authorized by CFD No. 2012-2 (IA No. 3) under the Act and issued by CSCDA.

**“City”** means the City of Fresno.

**“Commission”** means the governing board of CSCDA.

**“Construction Inflation Index”** means the annual positive percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CSCDA Program Manager that is reasonably comparable to the Engineering News Record Building Cost Index for the City of Los Angeles.

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

**“CSCDA”** means the California Statewide Communities Development Authority.

**“CSCDA Program Manager”** means the CFD program manager for CSCDA.

**“Developed Property”** means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued after January 1, 2012 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Taxes are being levied.

**“Final Subdivision”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 1352 that, in either case, creates individual lots for which building permits may be issued without further subdivision.

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

**“Goals and Policies”** means the Mello-Roos Community Facilities Act of 1982 Goals and Policies, as adopted by the Commission.

**“Indenture”** means the indenture, fiscal agent 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.

**“Land Use Class”** means any of the classes listed in Table 1 and Exhibit A, below

**“Maximum Special Tax”** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied by the Commission in any Fiscal Year on any Assessor’s Parcel of Developed Property.

**“Non-Residential Building Square Footage”** means the total gross building square footage of non-residential property lying within an Assessor’s Parcel for which one or more non-residential building permits have been issued. Such square footage shall be measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the building permit(s) issued for that Assessor’s Parcel, or if these are not available, as otherwise determined by the CSCDA Program Manager.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit permitting the construction of one or more non-residential units or facilities has been issued by the City or other governmental agency.

**“Other Improvement Area”** means an improvement area located within CFD No. 2012-2, other than CFD No. 2012-2 (IA No. 3).

**“Other Improvement Area Bonds”** means all bonds authorized by and secured by the special taxes on the property within Other Improvement Areas in the manner and for the duration set forth in one or more indentures, fiscal agent agreements, or other agreements governing the terms of such bonds.

**“Outstanding Bonds”** means all CFD No. 2012-2 (IA No. 3) Bonds which remain outstanding under the Indenture.

**“Property Owner Association Property”** means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2012-2 (IA No. 3) that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year, (ii) any property located in a Final Subdivision that was recorded as of the May 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street, or (iii) any property which, as of the May 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, irrevocably dedicated, or irrevocably offered to a property owner’s association, including any master or sub-association, provided such conveyance, dedication, or offer is submitted to the CFD Administrator by May 1 preceding the Fiscal Year for which the Special Tax is being levied. The total number of acres to be classified as Property Owner

Association Property or Public Property cannot exceed 6.82 acres, as described in Section F of this RMA.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per acre to the Maximum Special Tax per acre is equal for all Assessor’s Parcels of Undeveloped Property.

**“Public Property”** means, for each Fiscal Year, any property within the boundaries of CFD No. 2012-2 (IA No. 3) that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement. The total number of acres to be classified as Property Owner Association Property or Public Property cannot exceed 6.82 acres, as described in Section F of this RMA.

**“Residential Property”** means all Assessor’s Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax Requirement.

**“Special Tax Requirement”** means that amount required in any Fiscal Year for CFD No. 2012-2 (IA No. 3) to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the CFD No. 2012-2 (IA No. 3) Bonds, including but not limited to, credit enhancement and rebate payments on the CFD No. 2012-2 (IA No. 3) Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for construction of CFD No. 2012-2 (IA No. 3) facilities eligible under the Act to the extent that inclusion of this amount does not increase the levy of the Special Tax beyond the first step in Section E; (vi) pay Bond Costs for Other Improvement Area Bonds to the extent that Special Taxes secure an issue of Other Improvement Area Bonds; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CSCDA Program Manager pursuant to the Indenture.

**“State”** means the State of California.

**“Supplemental Improvement Area”** means any Other Improvement Area that has been specifically designated as additional collateral for CFD No. 2012-2 (IA No. 3) Bonds as authorized in the Indenture. The Supplemental Improvement Area shall be retained as additional collateral and security for CFD No. 2012-2 (IA No. 3) Bonds until conditions for the release of the special taxes in the Supplemental Improvement Area, as set forth in the Indenture, are satisfied.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2012-2 (IA No. 3) that is not Public Property or Property Owner Association Property.

**“Trustee”** means the trustee or fiscal agent under the Indenture.

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2012-2 (IA No. 3) shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and E below.

**C. MAXIMUM SPECIAL TAX RATE**

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 3) Bonds, the Maximum Special Tax on Developed Property and Undeveloped Property (set forth in Sections C.1 and C.2 below) may be reduced in accordance with, and subject to the conditions set forth in this section C without the need for any proceedings to make changes as permitted under the Act. At that time, if it is reasonably determined by the CSCDA Program Manager that the overlapping debt burden calculated pursuant to the Goals and Policies based upon the Maximum Special Tax on Developed Property exceeds the CSCDA’s maximum overlapping debt burden objective set forth in the Goals and Policies, the Maximum Special Tax on Developed Property may be reduced to the amount necessary to equal such maximum overlapping debt burden level by the CSCDA Program Manager without need for any additional Commission proceedings. Similarly, at that time, if it is reasonably determined by the CSCDA Program Manager that the current Maximum Special Tax on Developed Property is greater than required to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 3) Bonds plus Administrative Expenses, the Maximum Special Tax on Developed Property may be reduced the amount necessary to provide 110% debt service coverage on expected future CFD No. 2012-2 (IA No. 3) Bonds plus Administrative Expenses without need for any additional proceedings. Furthermore, if appropriate, the CSCDA Program Manager may reduce the Maximum Special Tax for Undeveloped Property to the minimum amount necessary to allow CFD No. 2012-2 (IA No. 3) to collect the Maximum Special Tax equal to 110% debt service coverage on expected future CFD No. 2012-2(IA No. 3) Bonds plus Administrative Expenses. There is no requirement that the CSCDA Program Manager reduce the Special Taxes for each of the Land Use Classes under this Section C in a proportionate manner if the CSCDA Program Manager determines that a disproportionate reduction of Maximum Special Tax levels among Land Use Classes would be appropriate for purposes of reducing the maximum overlapping debt burden, or would improve the viability of future development within CFD No. 2012-2 (IA No. 3).

The reductions permitted pursuant to the preceding paragraph shall be reflected in an amended notice of Special Tax lien which the CSCDA Program Manager shall cause to be recorded after executing a certificate in substantially the form attached herein as Exhibit A. Additional reductions in the Maximum Special Tax for Developed Property

and the Maximum Special Tax for Undeveloped Property may also be implemented as allowed under Section D below. Notwithstanding the foregoing, under no circumstances may the special taxes be reduced under this Section C during the time that the Special Taxes have been pledged to the payment of Bond Costs for Other Improvement Area Bonds.

## **1. Developed Property**

### **(a). Maximum Special Tax**

The Maximum Special Tax that may be levied and escalated as explained further in Section C.1.(b) below in any Fiscal Year for each Assessor's Parcel classified as Developed Property is shown below in Table 1.

**TABLE 1**  
**Maximum Special Tax for Developed Property**  
**Improvement Area No. 3 of CFD No. 2012-2**  
**Fiscal Year 2012-2013**

<b>Land Use Class</b>	<b>Maximum Special Tax</b>
Residential Property	\$ 4,530 per Acre
Non-Residential Property	\$0.33 per square foot of Non-Residential Building Square Footage, or \$4,530 per Acre, when applied, whichever is greater

### **(b). Increase in the Maximum Special Tax**

The Fiscal Year 2012-2013 Maximum Special Tax, identified in Table 1 above, as such Table may be amended and restated in full pursuant to this Rate and Method of Apportionment, shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

## **2. Undeveloped Property**

### **(a). Maximum Special Tax**

The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$5,148 per acre, and shall increase on July 1 of each Fiscal Year thereafter, commencing on July 1, 2013, by an amount equal to two percent (2%) of the Maximum Special Tax for the previous Fiscal Year.

**D. MAXIMUM SPECIAL TAX REDUCTION – AFTER ISSUANCE OF BONDS**

The following definitions apply to this Section D:

**“Annual Debt Service”** means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

**“Bond Year”** the period starting September 2 and ending on the following September 1.

**“Corresponding Bond Year”** means, for any Fiscal Year, the Bond Year that commences in such Fiscal Year.

**“Debt Service Coverage”** means, as of the Determination Date, for any Fiscal Year, the quotient, expressed as a percentage, of (a) the Net Projected Special Tax Revenues for such Fiscal Year, divided by (b) the Annual Debt Service for the Corresponding Bond Year.

**“Determination Date”** means the first May 1 on which items (a), (b), (c), (d) and (e) in Section D.1 below are determined to be true.

**“Net Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, the remainder of (a) the Projected Special Tax Revenues for such Fiscal Year, minus (b) the Projected Administrative Expenses for such Fiscal Year.

**“Projected Administrative Expenses”** means, as of the Determination Date, (a) for the Fiscal Year in which such Determination Date occurs, 110% of the average actual Administrative Expenses for the preceding five Fiscal Years, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Projected Administrative Expenses on each July 1, from and including the July 1 next succeeding such Determination Date to and including the July 1 in such Fiscal Year by 2% of the amount in effect for the previous Fiscal Year.

**“Projected Special Tax Revenues”** means, as of the Determination Date, for any Fiscal Year, based on the tax classifications for the Fiscal Year commencing on the July 1 next succeeding such Determination Date, the amount of Maximum Special Taxes that may be levied on all Developed Property pursuant to the Act and this Rate and Method of Apportionment in such Fiscal Year taking into account the loss of any Special Taxes from Developed Property that will no longer be taxed pursuant to Section J (Term of Special Tax).

**“Reduction Percentage”** means, as of the Determination Date, the greatest percentage amount by which the Maximum Special Tax for Developed Property could be reduced that would not cause the Debt Service Coverage in any Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the

Outstanding Bonds to be less than 110%. If the Debt Service Coverage is less than 110% the Reduction Percentage shall equal 0%.

## **1. Determination of Reduction**

On the first May 1 following the date that (i) all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 3) will not issue any additional Bonds (except refunding Bonds in accordance with the Act) and (ii) the Commission has adopted a resolution determining that the Special Tax will no longer be levied to pay directly for the acquisition or construction of eligible improvements, the CSCDA Program Manager shall determine if all of the following are true:

- (a) The balance in the reserve fund established under the Indenture is at or above the reserve requirement;
- (b) CFD No. 2012-2 (IA No. 3) is not in default in the payment of interest on and principal of all Outstanding Bonds;
- (c) Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds is at least equal to 110%; and
- (d) The delinquency rate as of June 30 of the prior Fiscal Year for Special Taxes levied for each prior Fiscal Year did not exceed ten percent (10%) of the amount levied for such Fiscal Year.
- (e) Project Special Tax Revenues are not pledged to the payment of Bond Costs for Other Improvement Areas.

If all five of the above items are true, then the Maximum Tax for all parcels of Developed Property shall be reduced by the amount, if any, determined in Section D.2.

If any one of the five items is not true as of the first May 1 following the date that all authorized Bonds have been issued or the Commission has adopted a resolution determining that CFD No. 2012-2 (IA No. 3) will not issue any additional Bonds (except refunding Bonds in accordance with the Act), then the CSCDA Program Manager shall continue to make such determination each following May 1, until all of the tests are met.

The first May 1 on which all five items are true shall be considered the Determination Date.

## **2. Calculation of Reduction**

The Special Tax reduction shall be calculated by the CSCDA Program Manager as follows:

- (a) Determine the Projected Special Tax Revenues for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal

- Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
- (b) Determine the Projected Administrative Expenses for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
  - (c) Determine the Debt Service Coverage for each Fiscal Year from the Fiscal Year commencing on the July 1 next succeeding such Determination Date to and including the Fiscal Year ending on the June 30 next preceding the final maturity date of the Outstanding Bonds;
  - (d) Determine the Reduction Percentage.

The Maximum Special Tax for Developed Property for the Fiscal Year commencing on the July 1 following the Determination Date shall be reduced from the amount that otherwise would have been in effect pursuant to this Rate and Method of Apportionment by a percentage amount equal to the Reduction Percentage.

### **3. Certificate of CSCDA Program Manager**

Upon completion of the tests identified in Section D.1 and the calculations in Section D.2, the CSCDA Program Manager shall prepare a Certificate of CSCDA Program Manager in substantially the form attached herein as Exhibit A, that sets forth the results of such tests and the resulting reduced Special Tax rates.

### **4. Recordation of Revised Notice**

Upon receipt of a Certificate of CSCDA Program Manager, an addendum to the Notice of Special Tax Lien shall be recorded. Such addendum shall clearly set forth the revised Special Tax rates.

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

Commencing with Fiscal Year 2012-2013 and for each following Fiscal Year, the CSCDA Program Manager shall determine the Special Tax Requirement and shall levy the Special Tax until the amount of Special Taxes equal the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property until the amount levied on Undeveloped Property is equal to the lesser of (i) the Special Tax Requirement less the amount levied pursuant to the first step above, or (ii) 100% of the Maximum Special Tax for Undeveloped Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then if required to satisfy the Indenture, a special tax shall be levied on each Assessor's Parcel of taxable property located within the Supplemental Improvement Areas pledged to CFD No. 2012-2 (IA No. 3) Bonds, based on the rate and method of apportionment of special taxes for these Supplemental Improvement Areas.

Notwithstanding the above, the CSCDA Program Manager or its designee may, in any Fiscal Year, levy Proportionately less than 100% of the Maximum Special Tax in the first step (above), when (i) the Commission or its designee is no longer required to levy the Special Tax pursuant to the second and third steps (above) in order to meet the Special Tax Requirement; and (ii) all authorized CFD No. 2012-2 (IA No. 3) Bonds have already been issued or the Commission has covenanted that it will not issue any additional CFD No. 2012-2 (IA No. 3) Bonds (except refunding bonds) to be supported by the Special Tax.

#### **F. EXEMPTIONS**

No Special Tax shall be levied on up to 6.82 acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 3). In addition to these 6.82 acres, all of Assessor's Parcel Number 313-021-29 shall be exempted from the Special Tax. Tax-exempt status will be assigned by the CSCDA Program Manager in the chronological order in which property in CFD No. 2012-2 (IA No. 3) becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Special Tax.

Prior to sixty (60) days before the issuance of a first series of CFD No. 2012-2 (IA No. 3) Bonds, the CSCDA Program Manager may increase the final number of tax-exempt acres of Public Property or Property Owner Association Property in CFD No. 2012-2 (IA No. 3) to better reflect the actual tax-exempt acreage within CFD No. 2012-2 (IA No. 3).

#### **G. REVIEW/APPEAL PROCESS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with CSCDA, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CSCDA Program Manager or its designee shall review the appeal, meet with the appellant if the CSCDA Program Manager deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the CSCDA Program Manager agrees with the appellant, the CSCDA Program Manager shall make a recommendation to the Commission to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to appellant. The approval of the Commission or its designee must be obtained prior to any such elimination or reduction. If the CSCDA Program Manager disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the Commission by filing a written notice of appeal with the Secretary of the Commission, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must

specify the reasons for the appellant's disagreement with the CSCDA Program Manager's determination. The Secretary of the Commission shall schedule the appeal to be heard before the Commission within sixty (60) days after receipt of the second appeal.

Interpretations may be made by the Commission by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

## **H. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2012-2 (IA No. 3) may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

## **I. PREPAYMENT OF SPECIAL TAX**

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 2012-2 (IA No. 3) is permitted to prepay the Special Tax. The obligation of the Assessor's Parcel to pay the Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or Assessor's Parcels of Undeveloped Property for which a building permit has been issued, and only if 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 CSCDA Program Manager with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the CSCDA Program Manager shall notify such owner of the prepayment amount of such Assessor's Parcel. The CSCDA Program Manager may charge a reasonable fee for providing this service. If there are Outstanding Bonds, Prepayment must be made not less than forty-five (45) days prior to the next occurring date that notice of redemption of CFD No. 2012-2 (IA No. 3) Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The following definition applies to this Section I:

**"Buildout"** means, for CFD No. 2012-2 (IA No. 3), that all expected building permits for non-residential development to be constructed in CFD No. 2012-2 (IA No. 3) have been issued, as reasonably determined by the CSCDA Program Manager.

**"CFD Public Facilities"** means either \$828,526 in 2012 dollars, or (ii) shall be determined by the Commission concurrently with a covenant that it will not issue any more CFD No. 2012-2 (IA No. 3) Bonds (other than refunding CFD No. 2012-2 (IA No. 3) Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

**"Construction Fund"** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

**“Future Facilities Costs”** means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

**“Outstanding Bonds”** means all Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

### **1. Prepayment in Full – After Issuance of Bonds**

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

#### **Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. For Assessor’s Parcels of Developed Property, compute the Maximum Special Tax for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property for which a building permit has been issued, compute the Maximum Special Tax for that Assessor’s Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for such Assessor’s Parcel.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Taxes for the entire CFD No. 2012-2 (IA No. 3) based on the Developed Property Maximum Special Taxes which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2012-2 (IA No. 3), excluding any Assessor’s Parcels which have been prepaid, and
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Amount”).
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the CSCDA Program Manager reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the “Defeasance Amount”).
12. Verify the administrative fees and expenses of CFD No. 2012-2 (IA No. 3), including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2012-2 (IA No. 3) Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Administrative Fees and Expenses”).
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, 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”). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Prepayment Amount”).

16. The Prepayment Amount (less the amount computed pursuant to paragraph 12) shall be deposited into the appropriate fund and applied as set forth in the Indenture. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2012-2 (IA No. 3).

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2012-2 (IA No. 3) Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CSCDA Program Manager shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Commission shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on expected Taxable Property at buildout of CFD No. 2012-2 (IA No. 3) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (PE - A) \times F + A.$$

These terms have the following meaning:

PP = the partial prepayment

PE = the Prepayment Amount calculated according to Section I.1

F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

A = the Administration Fees and Expenses from Section I.1.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CSCDA Program Manager of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid.

With respect to any Assessor's Parcel that is partially prepaid, the Commission shall (i) distribute the funds remitted to it according to Section I.1, and (ii) indicate in the records of CFD No. 2012-2 (IA No. 3) that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum

Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section E.

**J. TERM OF SPECIAL TAX**

The Special Tax shall be levied upon an Assessor's Parcel of Developed Property for a maximum of 40 years, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CSCDA Program Manager has determined that all required interest and principal payments on the CFD No. 2012-2 (IA No. 3) Bonds have been paid and the Commission has covenanted that it will not issue any more Bonds (other than refunding Bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section E.

[http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA\(IA3\)Final.doc](http://localhost/resources/Clients/CSCDA/Fancher Creek CFD/Rate and Method/CSCDA CFD No. 2012-1 RMA(IA3)Final.doc)

## EXHIBIT A

### CERTIFICATE TO AMEND SPECIAL TAX

#### CSCDA CFD No. 2012-2 (IA No. 3) TAX REDUCTION CERTIFICATE

1. Pursuant to Sections C and D of the Rate and Method of Apportionment, the California Statewide Communities Development Authority ("CSCDA") hereby reduces the Maximum Special Tax for Developed Property and Undeveloped Property within CFD No. 2012-2 (IA No. 3).
  - (a) The information in Table 1 relating to the Fiscal Year 2012-2013 Maximum Special Tax for Developed Property within CFD No. 2012-2 (IA No. 3) shall be modified to be the following:

Land Use Class	Maximum Special Tax
Residential Property	\$ [.....] per dwelling unit
Non-Residential Property	\$[.....] per square foot of Non-Residential Building Square Footage, or \$[.....] per Acre, when applied, whichever is greater

- (b) The Fiscal Year 2012-2013 Maximum Special Tax for each Assessor's Parcel of Undeveloped Property shall be \$[\_\_\_\_\_] per acre.
2. The CSCDA Program Manager shall cause an amended notice of Special Tax lien for CFD No. 2012-2 (IA No. 3) to be recorded reflecting the modifications set forth herein.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By:\_\_\_\_\_

Date:\_\_\_\_\_

## Item VI

Discuss and approve policy for borrower requests on adjustments to annual administration fee.

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## SUMMARY AND APPROVALS

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**REQUEST:** DISCUSS AND APPROVE PROPOSED POLICY REGARDING ADJUSTMENTS TO ANNUAL ADMINISTRATION FEES

**PURPOSE:** PROVIDE A UNIFORM POLICY FOR FEE ADJUSTMENT REQUESTS

**DATE:** AUGUST 23, 2012

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### **Background:**

At the August 9, 2012 CSCDA meeting the Commission requested staff propose a policy to address the fee adjustment requests that have become commonplace over the last 6 months. A majority of these requests have been from the affordable housing bond issues.

It is essential that all of the borrowers who issue bonds through CSCDA are treated equally, and a uniform policy to address these requests is required at this time. Staff proposes that adjustments to annual administration fee requests only be heard by the Commission if the project has missed debt service payments. Any other requests prior to missing debt service payments will not be heard by the Commission.

This policy, if approved, would be placed on the CSCDA fee schedule to ensure borrowers are made aware of the requirements.

### **Approvals:**

Approval of a CSCDA policy that adjustments to annual administration fee requests only be heard by the Commission if the project has missed debt service payments. Any other requests prior to missing debt service payments will not be heard by the Commission.