

RESOLUTION NO. 2006-73

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES) AND CALLING AN ELECTION FOR THE PURPOSE OF SUBMITTING THE LEVY OF THE SPECIAL TAX AND THE ESTABLISHMENT OF AN APPROPRIATIONS LIMIT TO THE QUALIFIED ELECTORS OF THE DISTRICT

WHEREAS, the City Council, on February 8, 2006, adopted its Resolution No. 2006-32 (the "Resolution of Intention") (i) declaring its intention to establish Community Facilities District No. 2006-1 (Maintenance Services) (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5, Part 1, Division 2, Title 5 (commencing with Section 53311) of the California Government Code) (the "Act"), (ii) proposing to levy a special tax therein for the purpose of providing for the financing of certain services (the "Services") described in Exhibit A hereto, and (iii) calling a public hearing on the establishment of the District;

WHEREAS, before the time for the hearing, as directed in the Resolution of Intention, the Finance Director filed with the City Council the report required by California Government Code section 53321.5 (the "Hearing Report");

WHEREAS, a notice of the hearing was duly published as required by the Act, as evidenced by the affidavit of publication on file with the City Clerk;

WHEREAS, pursuant to the Act and the Resolution of Intention, a noticed public hearing was convened by the Council on March 22, 2006, not earlier than the hour of 6:30 p.m. at the City Hall, 8400 Laguna Palms Way, Elk Grove, California, relative to the establishment of the District;

WHEREAS, at the hearing, the testimony of all interested persons, including all taxpayers, property owners, and registered voters within the District, desiring to be heard on the establishment of the District, the extent thereof, the furnishing of specified types of services, the proposed special tax, the establishment of an appropriations limit for the District, or any other matters set forth in the Resolution of Intention was heard and a full and fair hearing was conducted thereon;

WHEREAS, written protests against the establishment of the District, the furnishing of specified type or types of services in the District as listed in the Hearing Report, or the levying of the special tax have not been filed by six registered voters residing within the territory proposed to be included in the District or by the owners of one-half or more of the area of land in the territory proposed to be included in the District and not exempt from this special tax;

WHEREAS, on the basis of all of the foregoing, the City Council has determined at this time to establish the District and to submit to the qualified electors of the District the levy of the special tax therein (as such tax is more particularly described in Exhibit B hereto) and the establishment of an appropriations limit for the District;

WHEREAS, the Sacramento County Registrar of Voters has certified that fewer than twelve persons were registered to vote within the territory of the District as of February 6, 2006, which date is within the 90-day period preceding the close of the hearing;

WHEREAS, the City Council has received a written instrument from each landowner in the District consenting to the shortening of election time requirements, waiving analysis and arguments, and waiving all notice requirements relating to the conduct of the election;

WHEREAS, the City Clerk has concurred in the election date set forth herein;

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

1. **Recitals**. The foregoing recitals are true and correct.
2. **Hearing Report**. The City Council hereby makes the Hearing Report a part of the record of the hearing.
3. **No Majority Protest**. The proposed special tax to be levied in the District has not been precluded by majority protest pursuant to Section 53324 of the Act.
4. **Establishment of District**. As proposed in the Resolution of Intention, a community facilities district is hereby established pursuant to the Act, designated "Community Facilities District No. 2006-1 (Maintenance Services)."
5. **Finding of Procedural Regularity**. The City Council finds and determines that all prior proceedings had and taken by the City Council with respect to the formation of the District are valid and in conformity with requirements of the Act.
6. **Boundaries of District**. The boundaries of the District shall be as set forth in the map entitled Map of Proposed Boundaries, Community Facilities District No. 2006-1 (Maintenance Services) that was filed with the Sacramento County Recorder on February 22, 2006, in Book 101 of Maps of Assessment and Community Facilities Districts, at Page 35.
7. **Description of Services**. The Services to be financed by the District are set forth in Exhibit A hereto. The Services authorized to be financed by the District are in addition to those provided in the territory of the District and do not supplant Services already available within that territory.

8. **Special Tax.** As stated in the Resolution of Intention, except where funds are otherwise available, subject to the approval of the qualified electors of the District, a special tax sufficient to pay the costs of the Services (including incidental expenses as described in the Resolution of Intention), secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually in the District. The rate, method of apportionment, and manner of collection of the special tax are specified in Exhibit B hereto, which includes modifications to the rate and method specified in the Resolution of Intention that (a) reassign several parcels to different tax zones (which has the effect of lowering the rate on such parcels), (b) expand the use of credits to reflect the availability of additional revenues, and (c) reduce the special tax rates for each zone, all as described in the Hearing Report.

9. **Apportionment of Tax.** The special tax as apportioned to each parcel is based on the cost of making the Services available to each parcel, or other reasonable basis, and is not based on or upon the ownership of real property.

10. **Tax Roll Preparation.** The office of the Finance Director, 8401 Laguna Palms Way, Elk Grove, California 95758, telephone (916) 478-2273, is hereby designated as the office that will be responsible for annually preparing a current roll of special tax levy obligations by assessor's parcel number and that will be responsible for estimating future special tax levies pursuant to Government Code section 53340.2. The Finance Director may cause these functions to be performed by his or her deputies, assistants, or other designated agents.

11. **Appropriations Limit.** The City Council proposes that the appropriations limit, as defined by Article XIII B, Section 8(h), of the Constitution of the State of California, for the District be established in the amount of special taxes collected.

12. **Accountability Measures.** Pursuant to Section 50075.1 of the California Government Code, the City shall create a separate account into which tax proceeds will be deposited; and the Finance Director annually shall file a report with the City Council that will state (a) the amount of funds collected and expended and (b) the status of the Services financed in the District.

13. **Special Election; Voting Procedures.** The City Council hereby submits the questions of levying the special tax and the establishment of the annual appropriations limit for the District to the qualified electors within the District, in accordance with and subject to the Act. The special election shall be held on March 22, 2006, and shall be conducted as follows:

(a) **Qualified Electors.** The City Council hereby determines that the Services are necessary to meet increased demands placed upon the City as a result of development occurring within the boundaries of the District. Because fewer than twelve registered voters resided within the District on February 6, 2006 (a date within the 90 days preceding the close of the public hearing on the establishment of the District), the qualified electors shall be the landowners within the District, and each landowner

who was the owner of record at the close of the hearing shall have one vote for each acre or portion of an acre of land that such landowner owns within the District.

(b) Consolidation of Elections; Combination of Propositions on Ballot.

The elections on the questions of levying the special tax and establishing an appropriations limit for the District shall be consolidated, and the two propositions shall be combined into a single ballot proposition for submission to the voters, as authorized by Government Code Section 53353.5.

(c) Mail Ballot Election.

Pursuant to Government Code section 53327.5, the election shall be conducted as a mail ballot election. Pursuant to the City Council's authorization in the Resolution of Intention, the City Clerk has caused a ballot to be delivered to each landowner in the District, which was revised to reflect the change in the rate, method of apportionment, and manner of collection of the special tax as approved hereby. The City Council hereby ratifies the revised form of the ballot, which is attached hereto as Exhibit C.

(d) Return of Ballots.

The City Clerk shall accept the ballots of the landowners up to five minutes following the adoption of this resolution by the Council. The City Clerk shall have available ballots that may be marked at the City Clerk's office on the election day by voters. Once all qualified electors have voted, the City Clerk may close the election.

(e) Canvass of Election.

The City Clerk shall commence the canvass of the returns of the special election as soon as the election is closed (i.e., five minutes following the adoption of this resolution by the Council or when all qualified electors have voted) at the City Clerk's office. At the conclusion of the canvass, the City Clerk shall declare the results of the election.

(f) Declaration of Results.


The City Council shall declare the results of the special election following the completion of the canvass of the returns and shall cause to be inserted into its minutes a statement of the results of the special election as ascertained by the canvass of the returns.

14. Filing of Resolution and Map with City Clerk. The City Council hereby directs the City Clerk to file a copy of this resolution and the map of the boundaries of the District in her office.

15. Lien to Secure Special Tax. Upon a determination by the City Council that two-thirds of the votes cast upon the question of levying the special tax were in favor thereof, the City Clerk shall record the notice of special tax lien provided for in Section 3114.5 of the California Streets and Highways Code. Upon recordation of the notice of special tax lien, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the District, and this lien shall continue in force and effect until collection of the tax by the City Council ceases.

16. **CEQA Exemption.** The Council hereby determines that the formation of the proposed District is not a project pursuant to the California Environmental Quality Guidelines section 15378(b)(4).

PASSED AND ADOPTED by the Elk Grove City Council on March 22, 2006.



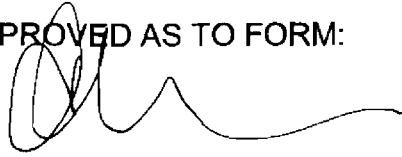
RICK SOARES, Mayor

ATTEST:



PEGGY JACKSON, City Clerk

APPROVED AS TO FORM:



ANTHONY MANZANETTI, City Attorney

EXHIBIT A

DESCRIPTION OF SERVICES

Included Services

Services that may be funded by the collection of annual special taxes in the Community Facilities District No. 2006-1 (Maintenance Services) are listed below.

- Maintenance of public parkways, public parks, open space, landscape setbacks, bike and other paths in open space areas, and landscaped medians, including tree, shrub, lawn, and ground cover care; mowing; weed control; pruning; fertilization; litter removal; tree and shrub well maintenance; irrigation system inspections; and repair and replacement of vegetation and other physical features and systems.
- Maintenance of environmental preserves, which are retained and used as open space recreational lands, to the extent allowed by, and fulfilling the requirements of, the U.S. Corps of Engineers 404 permit (e.g., passive recreation, informational signage, litter collection and other non-obtrusive activities) and the associated performance and management of environmental mitigation monitoring and annual reporting necessary to assure proper maintenance of these lands.
- Maintenance of publicly owned masonry sound walls, barrier and property fencing, including but not limited to, enhanced wood or concrete fences, ornamental iron fences, post-and-cable fences, and pedestrian bridges constructed within or over public lands, easements or rights-of-way.
- Maintenance to entryway monumentation, enhanced stamped concrete and paver stone surface treatments, and landscaping within or over public lands, easements or public rights-of-way.
- Maintenance of landscaping and improvements to detention basins and drainage facilities, exclusive of repair and replacement of the detention and drainage facilities themselves which will remain the obligation of other public agencies, such as the City of Elk Grove.
- Autumn leaf cleanup, including street sweeping and drainage inlet cleaning, for public parkways, landscape setbacks and landscaped medians in and adjacent to roadways within the CFD.
- Maintenance and operation of a community center, recreation center, sports (including aquatic) facilities, cultural arts center, and water features.
- Repair and replacement of District-maintained facilities, including graffiti, and direct damage related to wear-and-tear.

Costs of services

The costs of the services and incidental costs to be funded by annual special taxes in Community Facilities District No. 2006-1 (Maintenance Services) include:

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

Excluded Services

Revenues from CFD No. 2006-1 special taxes will not be used to fund any of the following:

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

EXHIBIT B

CITY OF ELK GROVE COMMUNITY FACILITIES DISTRICT No. 2006-1 (Maintenance Services)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

A Special Tax applicable to each Assessor's Parcel in Community Facilities District No. 2006-1 (Maintenance Services) [herein "CFD No. 2006-1"] of the City of Elk Grove shall be levied and collected according to the tax liability determined by the City Council, acting in its capacity as the legislative body of CFD No. 2006-1, through the application of the appropriate Special Tax rate, as described below. All of the property in CFD No. 2006-1, unless exempted by law or by the provisions of Section E below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD No. 2006-1.

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, other parcel map, or functionally equivalent map or instrument recorded in the Office of the County Recorder. In the absence of such map, the City Engineer will make the final "Acre" or "Acreage" determination.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311), Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the CFD Administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the administration of the CFD; the costs of collecting installments of the Special Taxes, including charges levied by the County Auditor's Office, Tax Collector's Office, and/or Treasurer's Office; the costs related to the preparation of required reports; and any other costs required to administer the CFD as determined by the CFD Administrator.

"Assessor's Parcel" or "Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Authorized Services" means those services authorized to be funded by CFD No. 2006-1 as set forth in the documents adopted by the City Council when the CFD was formed.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes according to this Rate and Method of Apportionment of Special Taxes.

"CFD" or "CFD No. 2006-1" means Community Facilities District No. 2006-1 (Maintenance Services) of the City of Elk Grove.

"City" means the City of Elk Grove.

"City Clerk" means the City Clerk for the City of Elk Grove or his or her designee.

"City Engineer" means the City Engineer for the City of Elk Grove or his or her designee.

"City Manager" means the City Manager for the City of Elk Grove or his or her designee.

"Council" means the City Council of the City of Elk Grove, acting as the legislative body of CFD No. 2006-1.

"County" means the County of Sacramento.

"CPI" means the Local Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose Area for All Urban Consumers. The CPI used shall be as determined by the Bureau of Labor Statistics from April to April beginning with the period from April 2006 to April 2007. In the event this index ceases to be published, the CPI shall be another index as determined by the CFD Administrator that is reasonably comparable to the CPI for the San Francisco-Oakland-San Jose Area.

"Developed Property" means in any Fiscal Year, all Parcels of Taxable Property, for which a building permit for new construction was issued after January 1, 2006 and prior to May 1 of the preceding Fiscal Year in which the Special Tax is being levied.

"Final Map" means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*), that creates lots that do not need to be further subdivided prior to issuance of a building permit for a residential or non-residential structure. The term "Final Map" shall not include an Assessor's Parcel Map or subdivision map or portion thereof, that does not create lots

that are in their final configuration, including Assessor's Parcels that are designated as remainder parcels.

"Final Map Property" means, in any Fiscal Year, all Parcels within CFD No. 2006-1 for which a Final Map has recorded prior to May 1 of any Fiscal Year, which are not yet Developed Property and which, based on the Zoning Designations for the Parcels, are expected to be Single Family Property when a building permit is issued.

"Finance Director" means the Finance Director for the City of Elk Grove or his or her designee.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Land Use Class" means, individually, Non-Residential Property, Multi-Family Property, or Single Family Property.

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

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Multi-Family Property" means all Parcels of Developed Property within the boundaries of the CFD for which a building permit has been issued for construction of a residential structure consisting of two or more residential units that share common walls, including but not limited to duplexes, triplexes, townhomes, condominiums, and apartment units.

"Non-Residential Property" means all Parcels of Developed Property within the boundaries of the CFD that are not Single Family Property, Multi-Family Property, Property Owner Association Property or Tax-Exempt Property.

"Property Owner Association Property" means any property within the boundaries of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means, for Developed Property and Final Map Property within the boundaries of CFD No. 2006-1, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Assessor's Parcels of Developed Property and Final Map Property, respectively.

"Public Property" means any property within the boundaries of the CFD No. 2006-1 that is expected to be used for rights-of-way, parks, schools or any other public purpose and is owned by or irrevocably offered for dedication to the federal government, the State, the County, the City or any other public agency.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has or may be issued for a residential structure consisting of one or more residential units including, but not limited to, single family detached homes, single family attached homes, duplexes, triplexes, town homes, condominiums, and apartment units.

"Single Family Property" means, in any Fiscal Year, all Parcels of Developed Property for which a building permit has been issued for purposes of constructing a detached residential unit, or all Parcels of Final Map Property for which a building permit may be issued for construction of a detached residential unit. Such residential unit does not or will not share a common wall with another Unit.

"Special Tax" means a special tax levied in any Fiscal Year to fund the Special Tax Requirement, and shall include Special Taxes levied or to be levied under Sections C and D below.

"Special Tax Requirement" means that amount required in any Fiscal Year for the CFD No. 2006-1: (a) to pay (i) Authorized Services, maintenance expenses, sinking fund payments, and capital reserves authorized to be funded by CFD No. 2006-1, (ii) Administrative Expenses, (iii) any amounts required to establish or replenish any reserve funds; and (iv) amounts needed to cure any delinquencies in the payment of Special Taxes which have occurred or (based on delinquency rates in prior years) may be expected to occur in the Fiscal Year in which the tax will be collected; less (b) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2006-1 that are not exempt from the Special Tax pursuant to law or as defined below.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property, or (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Tax Zone" means one of seventeen (17) mutually exclusive tax zones identified in Attachment 1 of this Rate and Method of Apportionment of Special Tax, as may be updated to include new Parcels added to the CFD as a result of future annexations

"Tentative Map" means a map that (i) is made for the purpose of showing the design of a proposed subdivision and the condition pertaining thereto; (ii) has been approved by the City; (iii) is not based on a detailed survey of the property within the map area; and (iv) is not recorded at the County Recorder's Office to create legal lots.

"Undeveloped Property" means, for each Fiscal Year, all Parcels of Taxable Property within the boundaries of CFD No. 2006-1 that are not classified as Developed Property or Final Map Property, as determined by the CFD Administrator.

"Unit" means an individual single-family detached unit or an individual residential unit within, but not limited to, a duplex, triplex, fourplex, townhome, condominium, or apartment structure. A second Unit or granny flat on a Parcel of Single Family Property shall not be considered an additional Unit for purpose of levying the Special Taxes.

"Zoning Designation" means, for a particular Parcel, the designation of zoning for the Parcel based on reference to the specific plan, Tentative Map, or as otherwise determined by the CFD Administrator.

B. DATA COLLECTION FOR ANNUAL TAX LEVY

All current Assessor's Parcel numbers for all Parcels of Taxable Property to be included within CFD No. 2006-1 at formation have been identified and assigned to a Tax Zone as shown in Attachment 1. In annexation proceedings, the CFD Administrator shall attach a new Attachment 1 listing the new Assessor's Parcel number(s) of the Parcel(s) proposed for annexation and the new Attachment 1 will show the assignment(s) of the Parcel(s) to a Tax Zone.

On or about June 1 of each Fiscal Year, the CFD Administrator shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property within CFD No. 2006-1.

The CFD Administrator shall then determine: (i) whether each Assessor Parcel of Taxable Property is Developed Property, Final Map Property or Undeveloped Property, using the definitions above; (ii) for Developed Property and Final Map Property, which Parcels are Single Family Property, Multi-Family Property, and Non-Residential Property, using the definitions above; (iii) for Developed Property that is Multi-Family Property, the number of Units within each building based on reference to the building permit, site plan, condominium plan, or other development plan; and (iv) the Special Tax Requirement. Developed Property and Final Map Property shall be subject to the Special Taxes pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

1) Developed Property and Final Map Property

The following Maximum Special Tax rates shown in Table 1 apply to all Parcels classified as Developed Property or Final Map Property according to the Land Use Classes within CFD No. 2006-1:

**TABLE 1
MAXIMUM SPECIAL TAX RATES COMMUNITY FACILITIES DISTRICT NO. 2006-1**

Tax Zone	Maximum Special Tax by Land Use Class (Fiscal Year 2006-07)		
	Single Family Property	Multi-Family Property	Non-Residential Property
1	\$360 per Unit (Developed) or Lot (Final Map)	\$252 per Unit (Developed)	\$468 per Acre (Developed)
2	\$400 per Unit (Developed) or Lot (Final Map)	\$280 per Unit (Developed)	\$520 per Acre (Developed)
3	\$450 per Unit (Developed) or Lot (Final Map)	\$315 per Unit (Developed)	\$585 per Acre (Developed)
4	\$500 per Unit (Developed) or Lot (Final Map)	\$350 per Unit (Developed)	\$650 per Acre (Developed)
5	\$550 per Unit (Developed) or Lot (Final Map)	\$385 per Unit (Developed)	\$715 per Acre (Developed)
6	\$600 per Unit (Developed) or Lot (Final Map)	\$420 per Unit (Developed)	\$780 per Acre (Developed)
7	\$650 per Unit (Developed) or Lot (Final Map)	\$455 per Unit (Developed)	\$845 per Acre (Developed)
8	\$700 per Unit (Developed) or Lot (Final Map)	\$490 per Unit (Developed)	\$910 per Acre (Developed)
9	\$750 per Unit (Developed) or Lot (Final Map)	\$525 per Unit (Developed)	\$975 per Acre (Developed)
10	\$800 per Unit (Developed) or Lot (Final Map)	\$560 per Unit (Developed)	\$1,040 per Acre (Developed)
11	\$900 per Unit (Developed) or Lot (Final Map)	\$630 per Unit (Developed)	\$1,170 per Acre (Developed)
12	\$1,000 per Unit (Developed) or Lot (Final Map)	\$700 per Unit (Developed)	\$1,300 per Acre (Developed)
13	\$1,100 per Unit (Developed) or Lot (Final Map)	\$770 per Unit (Developed)	\$1,430 per Acre (Developed)
14	\$1,200 per Unit (Developed) or Lot (Final Map)	\$840 per Unit (Developed)	\$1,560 per Acre (Developed)
15	\$1,300 per Unit (Developed) or Lot (Final Map)	\$910 per Unit (Developed)	\$1,690 per Acre (Developed)
16	\$1,400 per Unit (Developed) or Lot (Final Map)	\$980 per Unit (Developed)	\$1,820 per Acre (Developed)
17	\$1,500 per Unit (Developed) or Lot (Final Map)	\$1,050 per Unit (Developed)	\$1,950 per Acre (Developed)

¹ Beginning July 1, 2007 and each July 1 thereafter, the Maximum Special Tax that may be levied on each Assessor's Parcel shall be the Maximum Special Tax for the previous Fiscal Year increased by the greater of the CPI increase or 2%.

2) Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain Residential Property and Non-Residential Property. The Maximum Special Tax that may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be imposed on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

3) Undeveloped Property; Tax-Exempt Property

No Special Tax shall be levied on Undeveloped Property or Tax-Exempt Property.

4) Annual Escalation of Maximum Special Tax

Beginning July 1, 2007, and each July 1 thereafter, the Maximum Special Tax that may be levied on each Assessor's Parcel shall be the Maximum Special Tax for the previous Fiscal Year increased by the greater of the CPI increase or 2%.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07, and for each following Fiscal Year, the Council shall levy the Special Tax at the rates established pursuant to steps 1 and 2 below so that the total amount of the Special Tax levied equals the Special Tax Requirement. The CFD Administrator shall determine the rates as follows:

Step 1: The CFD Administrator shall determine rates on each Assessor's Parcel of Developed Property (up to 100% of the applicable Maximum Special Tax for each Land Use Class of Developed Property within each Tax Zone) such that the total amount levied is equal to the Special Tax Requirement for the Fiscal Year. In determining the rates applicable to an Assessor's Parcel of Developed Property, the CFD Administrator may reduce such rates by taking into account the funds available for Authorized Services serving that Parcel that were applied as a credit to reduce the Special Tax Requirement. Other than for the specific rate reduction described above, the CFD Administrator shall determine rates such that the Special Tax is levied Proportionately on each Assessor's Parcel of Developed Property.

Step 2: If additional revenue is needed after Step 1, the CFD Administrator shall determine rates on each Assessor's Parcel of Final Map Property (up to 100% of the applicable Maximum Special Tax within each Tax Zone) until the total amount levied is equal to the Special Tax Requirement for the Fiscal Year. In determining the rates applicable to an Assessor's Parcel of Final Map Property, the CFD Administrator may reduce such rates by taking into account the funds available for Authorized Services serving that Parcel that were applied as a credit to reduce the Special Tax Requirement. Other than for the specific rate reduction described above, the CFD Administrator shall

determine rates such that the Special Tax is levied proportionately on each Assessor's Parcel of Final Map Property.

E. LIMITATIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Tax shall be levied on Tax-Exempt Property.

F. INTERPRETATION OF SPECIAL TAX FORMULA

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

G. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error may file a written notice with the CFD Administrator appealing the levy of the Special Tax. This notice is required to be filed with the CFD Administrator during the Fiscal Year the error is believed to have occurred. The CFD Administrator will then promptly review the appeal and, if necessary meet with the landowner or resident. If the CFD Administrator determines that the tax should be changed, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted. The decision of the CFD Administrator shall be final and binding as to all persons.

H. MANNER OF COLLECTION

The Special Tax for CFD No. 2006-1 as levied pursuant to Sections C and D shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations of CFD No. 2006-1 or as otherwise determined appropriate by the CFD Administrator.

I. TERM OF SPECIAL TAX

Taxable Property within CFD No. 2006-1 shall remain subject to the Special Tax in perpetuity.

ATTACHMENT 1

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
CFD FORMATION – MARCH 2006**

	Assessor's Parcel Number	Proposed Parcel and/or Unit Count
1	127-0160-050	172 Single family units
	119-0151-010, 119-0151-018	32 Single family units
	127-0030-018	10 Single family units
	119-1990-001 and a portion of 119-1990-002	4.11 non-residential acres
	119-1990-003, 119-1990-004 and a portion of 119-1990-002	2.71 non-residential acres
	115-0170-036	25 Single family units
	116-0042-003, 116-0042-026 and 116-0042-027	141 Single family units
	121-0150-016	96 Multi-family units
	121-0180-019	30 Single family units
2	121-0140-020	33 Single family units
	119-0151-013 through 119-0151-015, 119-0151-020	54 Single family units
3		
4	132-0870-014	46 Single family units
	127-0120-020, 127-0120-021	39 Single family units
5		
6		
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14		
15		
16		
17		

¹ The Property identified by the Assessor's Parcel numbers listed above shall remain part of the identified Tax Zone regardless of changes in the configuration of the Assessor's Parcels or changes to Assessor's Parcel numbers in future Fiscal Years.

EXHIBIT C

OFFICIAL BALLOT

**SPECIAL TAX ELECTION
CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT
NO. 2006-1 (MAINTENANCE SERVICES)
MARCH 22, 2006**

Number of votes entitled to cast:

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

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

MEASURE SUBMITTED TO VOTE OF VOTERS

Ballot Measure: Shall the City of Elk Grove be authorized to levy a special tax at the rates and apportioned as described in Exhibit B to the Resolution of Formation (the "Resolution of Formation") for Community Facilities District No. 2006-1 (Maintenance Services) (the "District") adopted by the City Council on March 22, 2006, which is incorporated herein by this reference, within the District to finance certain services as set forth in Exhibit A to the Resolution of Formation, including any incidental expenses related thereto, and shall an appropriations limit be established for the District in the amount of the special taxes collected?	YES <input type="checkbox"/>
	NO <input type="checkbox"/>

NOTE: This is a special landowner election. You must return this ballot to the City Clerk, City of Elk Grove, either to her office at City Hall, 8380 Laguna Palms Way, Elk Grove, California 95758, by 4:00 p.m. on March 22, 2006, or thereafter, to the regular meeting place of the Council in City Hall, by five minutes following the adoption of the resolution of the Council establishing the District on March 22, 2006.

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2006-73

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

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 22nd day of March by the following vote:

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


NOES 0: COUNCILMEMBERS:

ABSTAIN 0: COUNCILMEMBERS:

ABSENT 0: COUNCILMEMBERS:

RECUSAL 0: COUNCILMEMBER:





Peggy E. Jackson, City Clerk
City of Elk Grove, California