

RESOLUTION NO. 2009-198

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE DECLARING ITS INTENTION TO ANNEX TERRITORY TO COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES) AND TO LEVY A SPECIAL TAX TO PAY FOR CERTAIN MAINTENANCE SERVICES (ANNEXATION NO. 14)

WHEREAS, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the City Council (the "City Council") of the City of Elk Grove (the "City"), on March 22, 2006 approved Resolution No. 2006-73 establishing the City of Elk Grove Community Facilities District No. 2006-1 (Maintenance Services) (the "CFD"); and

WHEREAS, the City Council called a special election for March 22, 2006, at which the questions of levying a special tax and establishing an appropriations limit with respect to the CFD were submitted to the qualified electors within the CFD; and

WHEREAS, on March 22, 2006, the City Council adopted Resolution No. 2006-75 determining the results of the special election and finding that more than two-thirds (2/3) of all votes cast at the special election were cast in favor of the proposition presented, and such proposition passed; and

WHEREAS, the City Council has determined, because of the proposed development of certain property within the City, to initiate proceedings for the annexation of such property to the CFD in accordance with the Act.

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

Section 1. Description of Territory to be Annexed. Public convenience and necessity require, and this City Council proposes and intends, that the City Council annex certain territory to the CFD. The territory to be annexed is described in a map entitled "Annexation Map No. 14, Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento, State of California" which is on file with the City Clerk. The City Clerk is hereby authorized and directed to endorse the certificates set forth on the map and to record the map in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

Section 2. Description of Territory Included in Existing CFD. The boundaries of the territory currently included in the CFD are described in maps entitled and recorded as follows:

A. "Map of District Boundaries, Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, Sacramento County, State of California," recorded on February 22, 2006 in Book 101 of Maps of Assessment and Community Facilities Districts at page 35 in the office of the Sacramento County Recorder;

B. "Annexation Map No. 1 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on May

16, 2006 in Book 103 of Maps of Assessment and Community Facilities Districts at page 1 in the office of the Sacramento County Recorder;

C. "Annexation Map No. 2 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on May 30, 2006 in Book 103 of Maps of Assessment and Community Facilities Districts at page 4 in the office of the Sacramento County Recorder;

D. "Annexation Map No. 3 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on October 25, 2006 in Book 104 of Maps of Assessment and Community Facilities Districts at page 9 in the office of the Sacramento County Recorder;

E. "Annexation Map No. 4 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on November 27, 2006 in Book 104 of Maps of Assessment and Community Facilities Districts at page 31 in the office of the Sacramento County Recorder;

F. "Annexation Map No. 5 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on February 26, 2007 in Book 105 of Maps of Assessment and Community Facilities Districts at page 001 in the office of the Sacramento County Recorder; and

G. "Annexation Map No. 6 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on May 15, 2007, in Book 106 of Maps of Assessment and Community Facilities Districts at page 2 in the office of the Sacramento County Recorder.

H. "Annexation Map No. 7 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on August 30, 2007, in Book 108 of Maps of Assessment and Community Facilities Districts at page 11 in the office of the Sacramento County Recorder.

I. "Annexation Map No. 8 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on February 21, 2008 in Book 109 of Maps of Assessment and Community Facilities Districts at page 14 in the office of the Sacramento County Recorder.

J. "Annexation Map No. 9 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on May 15, 2008 in Book 109 of Maps of Assessment and Community Facilities Districts at page 18 in the office of the Sacramento County Recorder.

K. "Annexation Map No. 10 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on August 1, 2008 in Book 110 of Maps of Assessment and Community Facilities Districts at page 2 in the office of the Sacramento County Recorder.

L. "Annexation Map No. 11 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on October 30, 2008 in Book 110 of Maps of Assessment and Community Facilities Districts at page 11 in the office of the Sacramento County Recorder.

M. "Annexation Map No. 12 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on March 9, 2009 in Book 110 of Maps of Assessment and Community Facilities Districts at page 17 in the office of the Sacramento County Recorder.

N. "Annexation Map No. 13 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," recorded on July 28, 2009 in Book 111 of Maps of Assessment and Community Facilities Districts at page 2 in the office of the Sacramento County Recorder.

Section 3. Specification of the Type of Services Provided. The type of services to be provided in the territory proposed to be annexed to the CFD is the same as that provided in the existing CFD and are more particularly described in Exhibit A attached hereto. The services authorized to be financed by the CFD are in addition to those currently provided in the territory of the CFD and do not supplant services already available within that territory.

Section 4. Plan for Providing Services. The public services that are financed by taxes collected in the CFD will be provided to residents of the current CFD and residents of the territory proposed to be annexed on the same basis.

Section 5. Specification of Special Taxes to be Levied. Except where funds are otherwise available, a special tax sufficient to pay for all services (including incidental expenses) to be provided in or for the territory to be annexed and secured by a continuing lien against all nonexempt real property in the CFD, will be annually levied within the territory proposed to be annexed to the CFD. The rate, method of apportionment, and manner of collection of such special tax is set forth in Exhibit B hereto.

Section 6. No Alteration of the Special Tax Levied in the Existing Community Facilities District. The City Council does not propose to alter the special tax rate levied within the existing CFD as a result of the proposed annexation.

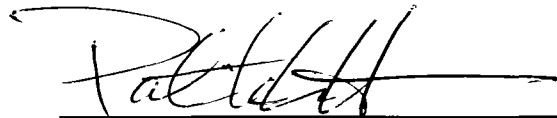
Section 7. Public Hearing. The City Council hereby fixes 6:00 p.m., or as soon thereafter as practicable, on Wednesday, November 18, 2009, at the regular meeting place of the City Council, City Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place for a public hearing on the annexation of territory to the CFD.

Section 8. Notice of Hearing. The City Council directs the City Clerk to publish a notice of the hearing, in substantially the form attached hereto as Exhibit C, once not later than seven days prior to the date fixed for the hearing, in the *Elk Grove Citizen*, a newspaper of general circulation published in the area of the CFD.

Section 9. Mailing Ballots. In anticipation of its action on November 18, 2009, to call the election on the annexation for the same date, pursuant to waiver of election time limits from the landowners, the City Council hereby authorizes the City Clerk to mail to each landowner in the territory proposed to be annexed to the CFD a ballot in substantially the form set forth in Exhibit D hereto. A copy of the waiver and consent form signed by the property owner is attached hereto as Exhibit E and incorporated herein by this reference.

Section 10. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of the City of Elk Grove on this 14th day of October 2009.



PATRICK HUME, MAYOR of the
CITY OF ELK GROVE

ATTEST:



SUSAN J. BLACKSTON, CITY CLERK

APPROVED AS TO FORM:



SUSAN COCHRAN, 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

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)¹ | | |
| | 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%.

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.

Undeveloped Property; Tax-Exempt Property

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

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**

| Tax Zone | Assessor's Parcels Included In Tax Zone¹ | Proposed Residential Units/Non-residential Acres |
|-----------------|--|---|
| | 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 |
| 1 | 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 |
| | 121-0140-020 | 33 Single family units |
| 2 | 119-0151-013 through 119-0151-015, 119-0151-020 | 54 Single family units |
| | 132-0870-014 | 46 Single family units |
| 4 | 127-0120-020, 127-0120-021 | 39 Single family units |

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.

ATTACHMENT 1 - 2

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION # 1 – JUNE 2006**

| Tax Zone | Assessor's Parcels Included in Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 1 | 134-0110-064 (Parcel B) and 065 (Parcel A), 134-0110-073 | 78 Single family units |
| | 122-0230-001 | 20 Single family units |
| | 122-0230-003, 004, 005, 006 | 15 Single family units |
| | 115-0161-003 | 11 Single family units |
| | 127-0120-074 | 4 Single family units |
| | 127-1020-073 | 3 Single family units |
| | 127-0120-091 | 1 Single family unit |
| | 127-0120-072 | 4 Single family units |
| | 134-0670-001 thru 004 | 10.30 non-residential acres |
| | 126-0250-006 and 008 | 5.14 non-residential acres |
| 2 | 134-0110-128 | 100 Single family units |
| | 132-0020-108 | 265 Single family units 198 Multi family units |
| 3 | 127-0530-021 | 43 Single family units |

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.

ATTACHMENT 1 - 3

**CITY OF ELK GROVE
 COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
 ASSIGNMENT OF PARCELS TO TAX ZONES
 ANNEXATION # 2 – JUNE 2006**

| Tax Zone | Assessor's Parcels Included in Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 1 | 121-0140-007 | 28 Single family units |
| | 134-0110-057 | 10 Single family units |
| | 127-0140-024 | 9 Single family units |
| | 127-0010-038 | 36 Multi family units |
| | 127-0010-039 | 48 Multi family units |
| | 121-0140-007 | 8 Single family units |

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.

ATTACHMENT 1- 4

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #3 – SEPTEMBER 2006

| Tax Zone | Assessor's Parcels Included in Tax Zone ¹ | Proposed Residential Units/Non-residential Acres |
|----------|--|--|
| 1 | 116-0021-036 | 175 Single family units |
| | 115-0170-034 and 035 | 50 Single family units |
| | 132-0870-019 | 124 Multi family units |
| | 119-1110-088 | 2.5 Non-residential acres |
| | 116-0090-016 | .62 Non-residential acres |
| | 134-0630-001 | 4.27 Non-residential acres |
| | 119-1910-001, 002, 007,016, 017, 018 | 6.36 Non-residential acres |

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.

ATTACHMENT 1- 5

**CITY OF ELK GROVE
 COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
 ASSIGNMENT OF PARCELS TO TAX ZONES
 ANNEXATION #4 – DECEMBER 2006**

| Tax Zone | Assessor's Parcels Included in Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 1 | 116-0011-020 & 021 | |
| | 116-0138-002 thru 006 | 11.36 Non-residential acres |
| | 116-0138-008 & 009 | |
| | 119-1910-019 (portion) | 4.65 Non-residential acres |

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.

ATTACHMENT 1- 6

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #5 – MARCH 2007

| Tax Zone | Assessor's Parcels Included in Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 1 | 119-1970-013 | 10.93 Non-residential acres |

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.

ATTACHMENT 1-7

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #6 – JUNE 2007

| Tax Zone | Assessor's Parcels Included in Tax Zone¹ | Proposed Residential Units/Non- residential Acres |
|-----------------|--|--|
| | 116-0320-034 | 2.34 Non-residential acres |
| | 116-1490-020 | |
| | 116-1490-007 | 3.22 Non-residential acres |
| 1 | 116-1490-018 | |
| | 119-1110-096 | 0.67 Non-residential acres |

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.

ATTACHMENT 1- 8

**CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #7 – OCTOBER 2007**

| Tax Zone | Assessor's Parcels Included in Tax Zone | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| | 134-0182-001 | 300 Single family units 48.10 Non-residential acres |
| | 119-1540-029 | 4.10 Non-residential acres |
| 1 | 134-0050-011 | 6.76 Non-residential acres |
| | 134-0220-078 134-0220-072 134-0600-039 134-0220-069 | 280 Multi family units 279.5 Non-residential acres |

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.

ATTACHMENT 1- 9

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #8 – MARCH 2008

| Tax Zone | Assessor's Parcels Included in Tax Zone ¹ | Proposed Residential Units/Non- residential Acres |
|----------|---|--|
| 1 | 116-0050-013 | 5.7 Non-residential acres |
| | 116-0050-027 | |
| | 116-0050-030 | |
| | 116-0050-031 | |

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.

ATTACHMENT 1- 10

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #9 – JUNE 2008

| Tax Zone | Assessor's Parcels Included in Tax Zone ¹ | Proposed Residential Units/Non- residential Acres |
|----------|---|--|
| 2 | 119-1110-097 | 1.5 Non-residential acres |
| | 119-1110-098 | |
| | 132-0720-033 | 5.3 Non-residential acres |

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.

ATTACHMENT 1- 11

**CITY OF ELK GROVE
 COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
 ASSIGNMENT OF PARCELS TO TAX ZONES
 ANNEXATION #10 – SEPTEMBER 2008**

| Tax Zone | Assessor's Parcels Included In Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 2 | 116-0070-025 | 3.32 Non-residential acres |
| | 116-1380-002 | |
| | 116-1380-003 | |
| | 116-1380-004 | |
| | 116-1380-005 | |
| 1 | 116-1380-006 | 11.54 Non-residential acres |
| | 116-1380-008 | |
| | 116-1380-009 | |
| | 116-0011-020 | |
| | 116-0011-021 | |
| 1 | 116-0021-012 | 5.00 Non-residential acres |

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.

ATTACHMENT 1- 12

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #11 – DECEMBER 2008

| Tax Zone | Assessor's Parcels Included In Tax Zone ¹ | Proposed Residential Units/Non- residential Acres |
|----------|---|--|
| 1 | 132-0460-077 | 8.58 Non-residential acres |

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.

ATTACHMENT 1- 13

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #12 – APRIL 2009

| Tax Zone | Assessor's Parcels Included In Tax Zone¹ | Proposed Residential Units/Non residential Acres |
|-----------------|--|---|
| 1 | 116-0030-037 | 115 Multi family units |

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.

ATTACHMENT 1- 14

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #13 – AUGUST 2009

| Tax Zone | Assessor's Parcels Included In Tax Zone ¹ | Proposed Residential Units/Non residential Acres |
|----------|---|---|
| 1 | 121-0190-009 | 10.28 Non-residential acres |

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.

ATTACHMENT 1- 15

CITY OF ELK GROVE
COMMUNITY FACILITIES DISTRICT NO. 2006-1 (MAINTENANCE SERVICES)
ASSIGNMENT OF PARCELS TO TAX ZONES
ANNEXATION #14 – NOVEMBER 2009

| Tax Zone | Assessor's Parcels Included in Tax Zone | Proposed Residential Units/Non residential Acres |
|----------|--|---|
| 1 | 134-0050-001 | 2.51 Non-residential acres |

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

NOTICE OF PUBLIC HEARING ON RESOLUTION OF INTENTION TO ANNEX TERRITORY TO AN EXISTING COMMUNITY FACILITIES DISTRICT

NOTICE IS HEREBY GIVEN that the City Council of the City of Elk Grove on October 14, 2009, adopted its Resolution No. 2009-198, in which it declared its intention to annex territory to existing Community Facilities District No. 2006-1 (Maintenance Services) (the "CFD"), and to levy a special tax to pay for certain maintenance services, all pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5, Part 1, Division 2, Title 5 of the California Government Code. The resolution describes the territory to be annexed, specifies the type of services to be financed, and describes the rate and method of apportionment of the proposed special tax. No change in the tax levied in the existing CFD is proposed. For further details, the resolution is available at the office of the City Clerk, 8401 Laguna Palms Way, Elk Grove, California.

NOTICE IS HEREBY FURTHER GIVEN that the City Council has fixed **Wednesday, November 18, 2009**, at the hour of **6:00 p.m.**, or as soon thereafter as the matter may be heard, at the regular meeting place of the City Council, Council Chambers, 8400 Laguna Palms Way, Elk Grove, California, as the time and place when and where the City Council will hold a public hearing to consider the annexation. At the hearing, the testimony of all interested persons for or against the annexation of the territory or the levying of the special taxes will be heard.

DATED/PUBLISHED: October 21, 2009

Susan J. Blackston, City Clerk,
City of Elk Grove

EXHIBIT D

OFFICIAL BALLOT

**SPECIAL TAX ELECTION
CITY OF ELK GROVE
ANNEXATION OF TERRITORY TO COMMUNITY FACILITIES DISTRICT
NO. 2006-1 (MAINTENANCE SERVICES)
ANNEXATION NO. 14**

(November 18, 2009)

Number of votes entitled to cast: 3

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, 8401 Laguna Palms Way, Elk Grove, California 95758, to obtain another.

MEASURE SUBMITTED TO QUALIFIED ELECTORS

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 Declaring its Intention to Annex Territory to Community Facilities District No. 2006-1 (Maintenance Services) adopted by the City Council on October 14, 2009 (the "Resolution"), which is incorporated herein by this reference, within the territory identified on the map entitled "Annexation Map No. 14 of Community Facilities District No. 2006-1 (Maintenance Services), City of Elk Grove, County of Sacramento," to finance certain services as set forth in Exhibit A of the Resolution?

YES

NO

NOTE: This is a special landowner election. You must return this ballot to the City Clerk, City of Elk Grove, either (i) to her office at City Hall, 8401 Laguna Palms Way, Elk Grove, California 95758, by 4:00 p.m. on November 18, 2009 or (ii) thereafter, to the regular meeting place of the Council at 8400 Laguna Palms Way on November 18, 2009, by five minutes following the adoption of the resolution calling the election (the City Council meeting convenes at 6:00 p.m. on November 18, 2009).

EXHIBIT E

WAIVER AND CONSENT

by owner of property proposed to be included in
Community Facilities District No. 2006-1 (Maintenance Services)
of the City of Elk Grove
regarding certain time limits and procedural requirements
with respect to a special landowner election

Mail to:

City of Elk Grove
ATT: Andrew Keys
8401 Laguna Palms Way
Elk Grove, CA 95758

Members of the City Council:

Pursuant to Government Code Sections 53326(a) and 53327(b), which allow any time limit or requirement pertaining to the conduct of a landowner election held under the authority of the Mello-Roos Community Facilities District Act of 1982, Government Code Sections 53311-53365.7 (the "Mello-Roos Act"), to be waived with the unanimous consent of the qualified electors, the undersigned legal entity (the "Landowner") hereby declares as follows:

1. Ownership. Landowner is the owner of the real property described below adjacent to its signature block by Sacramento County assessor's parcel number (the "real property"), which is proposed to be included in Community Facilities District No. 2006-1 (Maintenance Services) of the City of Elk Grove (the "District").

2. Adequate time. Landowner acknowledges that a special landowner election will be called within the District to approve the proposal to levy a special tax on the real property in the District. Landowner has had sufficient time to consider and reflect on Landowner's choice in the election.

3. Election date. Landowner expressly waives the time limits specified by Government Code Section 53326, including but not limited to the requirement that the special election be held at least 90 but not more than 180 days following the adoption of the resolution calling the election.

4. Voter information. Landowner expressly waives the requirement contained in Government Code Section 53327 of preparation and delivery to Landowner of an impartial analysis, arguments, and rebuttals relating to the proposition submitted at the election.

5. Election notice. Landowner expressly waives any notice requirements relating to the special election, whether contained in the Government Code, Elections Code, Streets & Highways Code, or elsewhere.

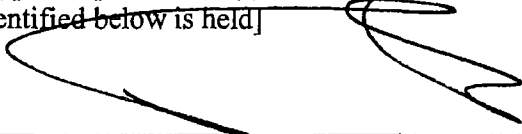
6. Formation Process. Landowner expressly waives any and all claims based on, and hereby consents to, any error, irregularity, or departure from the provisions of the Mello-Roos Community Facilities Act of 1982, Government Code Sections 53311-53365.7, and any and all laws incorporated therein, in the formation of the District and acknowledges that the formation of the District is valid and shall not be affected by any such error, irregularity, or departure.

7. Unsealing of Ballot. Landowner hereby consents to the election officer unsealing the Landowner's ballot prior to the adoption of the resolution calling the election and waives any rights it may have under Government Code section 53326 and the Election Code related to concealment of the ballot.

Date: 07.25, 2009

Elk Grove & Waterman, LLC
[Type or print name(s) in which record title to the land identified below is held]

Signed By:


[Signature of entity and/or individuals signing on behalf of landowner]

Paul S. Petrovich
[Type or print name of entity and/or individuals signing on behalf of landowner if applicable]

Manager
[Type or print authority to sign e.g., general partner or president of owner if applicable]

Real Property:

Assessor's Parcel Nos.:

134 - 0050 - 001
_____-_____-_____

CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2009-198

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


I, Susan J. Blackston, 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 October 14, 2009 by the following vote:

AYES : COUNCILMEMBERS: *Hume, Scherman, Davis, Detrick*

NOES: COUNCILMEMBERS: *None*

ABSTAIN : COUNCILMEMBERS: *None*

ABSENT: COUNCILMEMBERS: *Cooper*


Susan J. Blackston, City Clerk
City of Elk Grove, California